

# **Daily Report**

## **China**

**China Daily**

# Daily Report China

FBI/CHI-96-057

## CONTENTS

22 March 1996

**NOTICE:** An \* indicates material not disseminated in electronic form.

### INTERNATIONAL AFFAIRS

#### General

PRC: Spokesman: U.S. Resolution 'Doomed to Failure' [Beijing International] .....	1
PRC: Further on Spokesman Denouncing U.S. Resolution [ZHONGGUO XINWEN SHE] .....	1
PRC: Further on Spokesman's View of U.S. Resolution [XINHUA] .....	1
PRC: Spokesman: 'Disgusting Conduct' of U.S. in Taiwan Situation [ZHONGGUO XINWEN SHE] .....	2
PRC: Spokesman: Missile Sale Violates Agreement on Arms Sales [Hong Kong SOUTH CHINA MORNING POST 22 Mar] .....	2
PRC: Spokesman: Abandoning Splitism Key to Better Relations [Hong Kong TA KUNG PAO 22 Mar] .....	3
PRC: Spokesman: Hong Kong Provisional Legislature Has Legal Basis [Hong Kong TA KUNG PAO 22 Mar] .....	4
PRC: Spokesman Comments on Hong Kong Budget, Other Issues [Hong Kong WEN WEI PO 22 Mar] .....	4
PRC: Spokesman Pledges Protection for Foreigners [AFP] .....	4
PRC: Spokesman: NPC Delegation To Visit 3 European Countries [XINHUA] .....	5
PRC: Spokesman: NPC Chairman To Visit Ukraine, Cuba, Russia [XINHUA] .....	5
PRC: MOFTBC Official: GATT Talks Unaffected by Taiwan Issue [Hong Kong MING PAO 22 Mar] .....	5

#### United States & Canada

PRC: Senate Resolution To 'Hurt' Sino-U.S. Relations [XINHUA] .....	6
PRC: Historian Says U.S. 'Bluffing' in Strait [AFP] .....	6
PRC: U.S. Actions in Strait Analyzed [Hong Kong WEN WEI PO 22 Mar] .....	7

#### Central Eurasia

PRC: Russia Says Taiwan 'Inalienable' Part of China [XINHUA] .....	8
--	---

#### Northeast Asia

PRC: Qian Qichen, ROK Foreign Minister Talk [Beijing International] .....	8
PRC: Li Peng, ROK Foreign Minister Meet [XINHUA] .....	8
PRC: Jiang Zemin Meets With ROK's Kong No-myong [XINHUA] .....	9

#### Southeast Asia & Pacific

PRC: Thai Prime Minister Interviewed on Economic Cooperation [XINHUA] .....	9
PRC: Further on Thai Prime Minister's Economic Interview [XINHUA] .....	10

#### Near East & South Asia

PRC: Syrian Prime Minister Meets CPPCC Delegation 21 Mar [XINHUA] .....	10
PRC: CPPCC Delegation, Syrian Officials Assess Expanding Ties [XINHUA] .....	11
PRC: Foreign Ministers Praise Friendly Sino-Kuwaiti Ties [XINHUA] .....	11

### NATIONAL AFFAIRS

#### Political & Social

PRC: Supreme Procuratorate Reports to NPC on Work [XINHUA] .....	13
--	----

PRC: Report on NPC Discussion of Regional Economic Disparity [CHINA DAILY 22 Mar] ..	14
PRC: CPPCC Adopts Political Resolution on 9th 5-Year Plan [XINHUA] .....	15
PRC: Deng 'Considered' PRC Name Change To Win Reunification [Hong Kong MING PAO 22 Mar] .....	16
PRC: Beijingers Concerned About Cross-Strait Dispute [Hong Kong SING TAO JIH PAO 20 Mar] .....	17
PRC: Report on Leaders' Activities 27 Feb-21 Mar [XINHUA, etc.] .....	17
PRC: Li Peng Letter Hails Gold Production Increase [XINHUA] .....	19
PRC: CPC Delegation Returns From Laos [XINHUA] .....	19
PRC: First Couplet Copyright Suit Settled [XINHUA] .....	19
*PRC: 'Three-in-One' Family Planning Work Urged [RENKOU YANJIU 29 Nov] .....	20
PRC: Table of Contents for QIUSHI No 6 [RENMIN RIBAO 19 Mar] .....	27

### Military & Public Security

PRC: AFP Told PRC Drills in Taiwan Strait 'Scaled Back' .....	28
PRC: Military Observer Analyzes PLA Exercises [Hong Kong WEN WEI PO 22 Mar] .....	28
PRC: Over 60 Police Officers Fired Following Li Peiyao Murder [Hong Kong HONGKONG STANDARD 22 Mar] .....	29
PRC: China Commemorates Centenary of Marshal He Long [XINHUA] .....	30

### ECONOMIC AFFAIRS

#### General

PRC: Vice Minister Details Railway Construction Plans [ZHONGGUO XINWEN SHE] .....	31
PRC: Zhejiang Leads Nation in GDP [XINHUA] .....	31
PRC: Increasing Demand for Telephones Detailed [XINHUA] .....	31

#### Foreign Trade & Investment

PRC: Over 100,000 Pirated Items Confiscated in Yunnan [XINHUA] .....	32
PRC: Henkel Group To Raise Investment to \$450 Million [XINHUA] .....	32
PRC: Bogus Designer Clothing, Labels Seized in Shanghai [ZHONGGUO XINWEN SHE] ....	32
PRC: World Bank Approves Loan for Power Station [XINHUA] .....	32
PRC: Japanese Firms Expanding Operations in China [ZHONGGUO XINWEN SHE] .....	33
*PRC: Problems, Solutions in Foreign Trade Analyzed [GUOJI MAOYI WENTI 6 Sep] .....	33

#### Agriculture

PRC: Water Minister Seeks Water Conservation Campaign [XINHUA] .....	39
*PRC: Grain, Oil, Meat Prices in Jan Reported [JINGJI CANKAO BAO 15 Feb] .....	40
PRC: Henan Holds Meeting on Reducing Peasants' Burdens [Zhengzhou Radio] .....	40
*PRC: Jiangsu Issues IOU's to Silk Farmers [XINHUA RIBAO 31 Jan] .....	41
PRC: Liaoning Under 'Rare Spring Drought' [ZHONGGUO XINWEN SHE] .....	41
*PRC: Shandong Reports Planned Cotton Area for 1996 [DAZHONG RIBAO 9 Mar] .....	42
PRC: Xinjiang Maps Out Priorities for Desert Control [XINHUA] .....	42

### REGIONAL AFFAIRS

#### East Region

PRC: Anhui To Strengthen Environmental Measures [XINHUA] .....	43
PRC: Xiamen Sets Key Targets for High-Tech Development [XINHUA] .....	43
PRC: Shanghai Restricts Groundwater Extraction [ZHONGGUO XINWEN SHE] .....	43
PRC: Zhejiang Firms Invest in Three Gorges Area [XINHUA] .....	43

PRC: Zhejiang Resurges Economic Patterns [XINHUA] .....	44
PRC: Zhejiang Sets Up 'Complete Employment System' [XINHUA] .....	44

**North Region**

PRC: Beijing Release: 1995 Statistical Communiqué [BEIJING RIBAO 6 Mar] .....	44
---	----

**Northeast Region**

PRC: Heilongjiang Mining Administration Discharges Workers [Harbin Radio] .....	51
PRC: Wang Yuankun Delivers Jilin Work Report [JILIN RIBAO 9 Feb] .....	51
PRC: Expressways To Link Changchun With Other Cities in Jilin [XINHUA] .....	65
PRC: New Technology Boosts Economic Growth in Shenyang [XINHUA] .....	66
PRC: Shenyang Develops More Scientific, Technology Zones [XINHUA] .....	66
PRC: Liaoning To Develop Aquatic Farming [XINHUA] .....	66
PRC: Shenyang Establishes Unified Social Security System [XINHUA] .....	67
PRC: University in Shenyang 'Base' for Computer Education [XINHUA] .....	67
PRC: Liaoning Names President of Higher People's Court [LIAONING RIBAO 11 Feb] .....	67

**PRC MEDIA ON TAIWAN AFFAIRS**

PRC: Prospects for Further PLA Actions Viewed [Hong Kong WEN WEI PO 22 Mar] .....	68
PRC: Preconditions for Attack on Taiwan [Hong Kong HSIN PAO 22 Mar] .....	69
PRC: Direct Election in Taiwan Creates Split [Hong Kong TA KUNG PAO 22 Mar] .....	71
PRC: Tang Shubai Says Climate Not Right for ARATS-SEF Talks [Hong Kong WEN WEI PO 22 Mar] .....	72
PRC: Li Teng-hui Blamed for Taiwan's Economic Problems [ZHONGGUO XINWEN SHE] .....	72
PRC: Article Questions Li Teng-hui's Loyalty, Honesty [ZHONGGUO TONGXUN SHE] .....	73
PRC: Mainland Reporter Reports on Visit to Taiwan [RENMIN RIBAO OVERSEAS EDITION 15 Mar] .....	74

**TAIWAN**

Taiwan: Sources say Military on 'Red Alert' on Eve of Elections [AFP] .....	77
Taiwan: PRC Could Expand Drills if Weather Improves [AFP] .....	77
Taiwan: Military Launches 2d Show of Firepower 21 Mar [AFP] .....	78
Taiwan: Taipei TV Said To Report PRC Increasing Military Activity [Tokyo KYODO] .....	78
Taiwan: Live Fire Heard Near Matsu During PRC Drills [Tokyo KYODO] .....	79
Taiwan: Motorized Unit Conducts 'Small-Scale Live-Fire Drill' [CNA] .....	79
Taiwan: Mobile Units on Matsu Stage Anti-Landing Drills [Taipei Radio] .....	80
Taiwan: MAC Chief Urges Beijing To Exercise Self-Restraint [Tokyo KYODO] .....	80
Taiwan: Spokesman Views U.S.-Mainland Talks [Taipei CHUNG-YANG JIH-PAO 19 Mar] .....	81
Taiwan: MAC, SEF Officials on Sovereignty, U.S. Position [Taipei Radio] .....	81
Taiwan: Ministry Spokesman on Need for Defensive Weapons [CNA] .....	81
Taiwan: Foreign Minister Interviewed on 'Threat From Beijing' [CNA] .....	82
Taiwan: China Cannot Invade Taiwan, Says Taipei Mayor [Tokyo SAPIO 27 Mar] .....	82
Taiwan: Tang Shubai—Beijing To Have Dialogue With Li Teng-hui [Hong Kong HONGKONG STANDARD 22 Mar] .....	83
Taiwan: Luo—Independence 'Unrealistic,' Invasion Possible [Taipei LIEN-HO PAO 20 Mar] .....	84
Taiwan: Chen Fu on Russian-PRC Military Cooperation [Taipei LIEN-HO PAO 20 Mar] .....	85
Taiwan: KMT Party Elders Said 'Urging Li Teng-hui To Withdraw' [Taipei TZU-LI WAN-PAO 18 Mar] .....	86
Taiwan: Li Says Democracy Stronger Than PRC 'Threats' [AFP] .....	86
Taiwan: Li Teng-hui, Others Hold Election-Eve Rallies [AFP] .....	87
Taiwan: MOEA on Doubts About Investing in Mainland [CNA] .....	88

**HONG KONG & MACAO**

Hong Kong: Political Groups Protest U.S. Interference [Hong Kong WEN WEI PO 22 Mar] .....	89
---	----

<b>Hong Kong: Preparatory Committee Celebration Panel Meets (XINHUA)</b> .....	<b>89</b>
<b>Hong Kong: Preparatory Committee's Legal Panel Meets (XINHUA)</b> .....	<b>89</b>
<b>Hong Kong: Zhang Juasheng Encourages Civil Servants (Hong Kong WEN WEI PO 17 Mar)</b> .....	<b>89</b>
<b>Hong Kong: Vice Premier Meets Hong Kong Entrepreneurs (XINHUA)</b> .....	<b>90</b>
<b>Hong Kong: Patten Urges PC Members To Support Democracy (Hong Kong EASTERN EXPRESS 22 Mar)</b> .....	<b>91</b>
<b>Hong Kong: PC Vice Director Denies Proposing 'Overlord' for SAR (Hong Kong EASTERN EXPRESS 22 Mar)</b> .....	<b>91</b>
<b>Hong Kong: Shipping Administration Left to Hong Kong Authorities (ZHONGGUO XINWEN SHE)</b> .....	<b>92</b>
<b>Hong Kong: Trade Union Office at New Airport Opens (XINHUA)</b> .....	<b>92</b>

**General**

**PRC: Spokesman: U.S. Resolution 'Doomed to Failure'**

*OW2103110696 Beijing China Radio International in Mand., in to Hong Kong, Macao, the Zhu Jiang Delta, and Southeast Asia 0900 GMT 21 Mar 96*

[From the "News and Report on Current Events" program]

[FBIS Translated Text] On 21 March, Chinese Foreign Ministry spokesman Shen Guofang commented on the U.S. House of Representatives' adopting a resolution on the Taiwan situation, and said: Some people in the U.S. Congress have ignored the Chinese people's national feelings and have vainly attempted to use force [wang xiang yong wu li, probable STC's 1174 1927 3938 2976 0500] as a threat to hamper the Chinese people's national wish to reunify their motherland. That is doomed to failure [zhu ding yao shi bai de, probable STC's 3137 1353 6008 1136 2408 4104].

Reports indicated that on 19 March the U.S. House of Representatives adopted a resolution blatantly shouting that the United States should help defend Taiwan. Shen Guofang said: The Chinese government and people express their resolute opposition and strong indignation to the U.S. side's such disgusting conduct [e lie xing jing, probable STC's 1921 0503 5887 1777], which seriously encroaches [qin fan, probable STC's 0127 3690] on China's sovereignty, brazenly interfering [cu bao gan she, probable STC's 4723 2552 1626 3195] in China's internal affairs, and aggravating the tensions over the Strait of Taiwan.

Shen Guofang said: We demand that the U.S. side strictly abide by the principles laid down in the three Sino-U.S. joint communiques and the basic norms of international relations, and immediately stop its wrong action of encroaching on China's sovereignty and interfering in China's internal affairs.

**PRC: Further on Spokesman Denouncing U.S. Resolution**

*OW2103134796 Beijing ZHONGGUO XINWEN SHE in Chinese 1056 GMT 21 Mar 96*

[FBIS Translated Excerpt] Beijing, 21 Mar (ZHONGGUO XINWEN SHE) — On behalf of the Chinese Government and people, this afternoon Foreign Ministry spokesman Shen Guofang again expressed "resolute opposition to and strong indignation" at U.S. interference in China's internal affairs.

On 19 March, the U.S. House of Representatives passed a resolution on the situation in the Taiwan area. Shen Guofang stated the aforementioned position

while commenting on this resolution during a news conference.

Shen Guofang said: The resolution openly claims that the United States should help "defend Taiwan." This constitutes a serious encroachment of China's sovereignty and gross interference in China's internal affairs, and intensifies the tension in the Taiwan area. The act is "detestable."

He repeated the principle that had been stressed time and again: The Taiwan issue is purely China's internal affair, and the Chinese side will not allow any foreign country to interfere in it. Taiwan is China's sacred territory and not a U.S. protectorate. Some people in the U.S. Congress, in disregard of the Chinese people's national feelings, are vainly attempting to resort to military threats to obstruct the Chinese people's strong wish [qiang lie yuan wang 1730 3525 1959 2598] of realizing the motherland's reunification. Shen Guofang asserted categorically [duan yan 2451 6056]: "This will eventually fail [zhe zhong jiang shi bai 6638 4807 1412 1136 2408]."

He said: The Chinese Government's position on safeguarding national sovereignty and territorial integrity is firm and unshakable. The Chinese side demands that the U.S. side strictly abide by the principles set forth in the three Sino-U.S. joint communiques and the basic norms governing international relations, and immediately stop its erroneous actions of encroaching upon China's sovereignty and interfering in China's internal affairs.

Shen Guofang also criticized U.S. arms sales to Taiwan, saying: Because of its arms sales to Taiwan, the U.S. side bears unshirkable responsibility [bu ke tui xie di ze ren 0008 0668 2236 0609 4104 6307 0117] for intensifying the tension in the Taiwan Strait. "Selling weapons to a sensitive area at a sensitive time is irresponsible [zai min gan shi qi xiang min gan di qu chu shou wu qi shi bu fu ze ren di 0961 2404 1949 2514 2601 0686 2404 1949 0966 0575 0427 0786 2976 0892 2508 0008 6307 0117 4104]." [passage omitted].

**PRC: Further on Spokesman's View of U.S. Resolution**

*OW2103135796 Beijing XINHUA Domestic Service in Chinese 1004 GMT 21 Mar 96*

[Fuller version of item headlined "Further on Spokesman Condemning U.S. Resolution on Taiwan" published in the 21 March China DAILY REPORT on page 1; providing vernacular and STC's for key phrases]

[FBIS Translated Text] Beijing, 21 Mar (XINHUA) — Speaking during a news conference today, Foreign

Ministry spokesman Shen Guofang strongly condemned [qiang lie qian ze 1730 3525 6232 6307] a resolution passed by the U.S. House of Representatives that says "the United States should help defend Taiwan."

Shen Guofang said: On 19 March, the U.S. House of Representatives passed a resolution openly claiming that the United States should help defend Taiwan. The Chinese Government and people express their resolute opposition to and strong indignation [jian jue fan dui he qiang lie fen kai 1017 0414 0646 1417 0735 1730 3525 2001 1980] at this detestable act [e lie xing jiang 1921 0503 5887 1777] of the U.S. side that constitutes a serious encroachment [yan zhong qin fan 0917 6850 0187 3690] of China's sovereignty and gross interference [cu bao gan she 4723 2552 1626 3195] in China's internal affairs, and intensifies [jia ju 0502 0489] the tension in the Taiwan Strait.

He said: The Taiwan issue is purely China's internal affair, which brooks no interference by any foreign country. Taiwan is China's sacred territory and not a U.S. protectorate. The vain attempt [wang xiang 1174 1927] by some people in the U.S. Congress, in disregard of the Chinese people's national feelings [min zu gan qing 3046 2469 1949 1906], to resort to military threats [wu li wei xie 2976 0500 1218 5178] in obstructing the Chinese people's national wish [min zu yuan wang 3046 2469 1959 2598] of realizing the motherland's reunification is doomed to failure [zhu ding yao shi bai di 3137 1353 6008 1136 2408 4104].

Shen Guofang pointed out: The position of the Chinese Government and people on safeguarding national sovereignty and territorial integrity is firm and unshakable [jian ding di bu ke dong yao di 1017 1353 4104 0008 0668 0520 2280 4104]. We demand that the U.S. side strictly abide by the principles set forth in the three Sino-U.S. joint communiques and the basic norms governing international relations, and immediately stop its erroneous actions [cuo wu xing dong 6934 6137 5887 0520] of encroaching upon China's sovereignty and interfering in China's internal affairs.

**PRC: Spokesman: 'Disgusting Conduct' of U.S. in Taiwan Situation**

*OW2103143496 Beijing ZHONGGUO XINWEN SHE in English 1222 GMT 21 Mar 96*

[FBIS Transcribed Text] Beijing, March 21 (CNS) — Foreign Ministry spokesman, Shen Guofang, again expressed China's resentment at U.S. interference in China's internal affairs.

Mr. Shen was responding to a resolution, passed by the U.S. House of Representatives on March 19, regarding the situation in the Taiwan Strait.

He noted that the resolution openly asked the Clinton administration for help to "defend Taiwan". It severely violated China's sovereignty and was a wanton interference in China's internal affairs.

The spokesman added that the "disgusting conduct" of the U.S. had led to a further deterioration in the tense state that existed over the Taiwan Strait.

The Chinese official reiterated China's position when he said that the Taiwan issue was purely China's internal affair and that foreign interference would not be allowed.

He noted that Taiwan was sacred Chinese territory, not a U.S. protectorate. Mr. Shen said that some U.S. congressmen had defied Chinese national sentiment had attempted to intimidate and obstruct the strong desire of all Chinese for reunification of the motherland [sentence as received]. The Chinese official said that all such attempts were doomed to failure.

China firmly maintained its position respecting its national sovereignty and territorial integrity, said Mr. Shen. He added that the Chinese side had asked the U.S. to observe the principles of the Sino-American joint communiques as well as comply with the elementary requirements of international law. The U.S. had to immediately stop infringing upon China's sovereignty and interfering its internal affairs.

Mr. Shen also criticised U.S. arms sales to Taiwan. He noted that the U.S. was responsible for an increasingly tense state across the Taiwan Strait through its sale of arms. The Chinese official said it was irresponsible of the U.S. to offer arms to this sensitive region at a sensitive time.

**PRC: Spokesman: Missile Sale Violates Agreement on Arms Sales**

*HK2203061996 Hong Kong SOUTH CHINA MORNING POST in English 22 Mar 96 p 1*

[By Geoffrey Crothall in Beijing]

[PTS Transcribed Text for FBIS] China yesterday intensified its war of words with the United States over Taiwan, condemning a House of Representatives' resolution calling for the defence of Taiwan as an "abominable act".

"The Chinese Government and people express our resolute opposition and strong indignation at this abominable act which constitutes a serious violation of China's sovereignty and a gross interference in China's internal affairs, and has intensified tension in the Taiwan Strait," said Foreign Ministry spokesman Shen Guofang.

Taiwan was "China's sacred territory, not a US protectorate".

"Some people in the US Congress, in disregard of the national feelings of the Chinese people, are attempting to prevent by a show of force the Chinese nation from realising the reunification of the motherland. This is doomed to failure."

These people had "clearly underestimated the strength of the Chinese people's feelings" on the issue of Taiwan, he said.

With his voice rising in anger, Mr Shen demanded that the US "immediately cease its erroneous activities of violating China's sovereignty and interfering in China's internal affairs."

His comments came as the US aircraft carrier Nimitz moved into the South China Sea with the apparent intention of passing through the Taiwan Strait on Sunday while China's combined air, land and sea military exercises are in progress.

China's top leaders, including premier Li Peng, have explicitly warned the US not to send any of its vessels into the strait but US officials appear determined to take a tough stand against China.

On Tuesday, the US administration approved the sale of "Stinger" missiles to Taiwan, following the earlier approval of the sale of 150 F-16 jet fighters.

Mr Shen said the missile sale was mistaken on two accounts: it violated the August 17 agreement which requires the US to gradually reduce arms sales to Taiwan, and it "increased tensions and complicated the situation in the strait".

"We have taken note of the fact that the US has always called for the non-proliferation of weapons, but it is very irresponsible for the US to sell advanced weapons to such a sensitive region at such a sensitive time," he said.

Mr Shen confirmed that a meeting between Chinese Foreign Minister Qian Qichen and US Secretary of State Warren Christopher would go ahead as planned on April 21 in The Hague, but he was not optimistic that it would ease tension between the two.

Earlier in the week, Mr Shen expressed the hope that the meeting would "remove misunderstandings" between the two countries. Yesterday, he merely said that Taiwan would be the focus of the discussions.

"We will urge the US to adhere strictly to its undertakings made in the three joint Sino-US communiqués," he said.

On the subject of tomorrow's presidential poll in Taiwan, Mr Shen reiterated Beijing's position that the election itself was inconsequential. What was important, he said, was that Taiwan's leaders, no matter how they were selected, "give up their attempts to separate Taiwan from the motherland".

**PRC: Spokesman: Abandoning Splittism Key to Better Relations**

*HK2203052496 Hong Kong TA KUNG PAO in Chinese 22 Mar 96 p A2*

["Special dispatch": "Foreign Ministry Spokesman Shen Guofang on Taiwan Elections; Says Key Lies in Giving Up Splittism"]

[PTS Translated Text for FBIS] Beijing, 21 Mar (TA KUNG PAO)—In response to a question on Taiwan's election, Foreign Ministry spokesman Shen Guofang said: I do not want to comment on the election itself. But I would like to stress that whatever the result and whatever elections are carried out on the island, the following two facts cannot change: First, Taiwan is part of China's territory; and second, Taiwan leaders are no more than regional leaders.

Shen Guofang said that the attitude of Chinese people, including the Taiwan compatriots, is resolute and they hold identical positions on realizing reunification of the motherland and safeguarding the country's territorial integrity. No government or people would allow their territory to be split from the motherland. Some foreign forces have underestimated the Chinese people's firm belief in national feelings.

Whatever the result of the election, Shen Guofang said, the key lies in whether the Taiwan authorities will stop their activities of "two Chinas" or "one China, one Taiwan," and give up their activities of splitting the motherland. Cross-strait relations will ease so long as the Taiwan authorities give up their activities of splitting the motherland.

Shen stressed that foreign forces, the United States in particular, should no longer sell and supply large amount of arms to the Taiwan region, because it constitutes an interference in China's internal affairs and will affect and hinder the progress of peaceful reunification across the strait.

**PRC: Spokesman: Hong Kong Provisional Legislature Has Legal Basis***HK2203075796 Hong Kong TA KUNG PAO in Chinese 22 Mar 96 p A2*

["Special dispatch": "Shen Guofang Says There Is a Legal Basis for the Establishment of the Hong Kong Provisional Legislature"]

[PTS Translated Text for FBIS] Beijing, 21 Mar-- Shen Guofang, spokesman for the Chinese Ministry of Foreign Affairs, said today that on the question of the right of abode in Hong Kong, China's stand is clear: It should adopt a lenient, flexible, and pragmatic approach to this issue on the condition that it is in line with the Sino-British Joint Declaration, the Basic Law, and the Chinese Nationality Law. As the issue of exit from and entry to Hong Kong is rather complicated, it takes time to draw up a reliable comprehensive resolution that takes various cases into consideration. As far as China is concerned, the shorter time it takes the better.

Speaking on the legal basis for the provisional legislature, Shen said that in a relevant decision adopted by the National People's Congress on 4 April 1990, Article 2 stipulates that the Preparatory Committee shall be responsible for preparing the establishment of the Hong Kong Special Administrative Region, and that setting up a provisional legislature is a matter within its functions and powers. Thus, there is a legal basis for the establishment of a provisional legislature. He added that as time is getting short before China's resumption of sovereignty over Hong Kong, it is hoped that Britain will cooperate closely with China in accordance with the spirit of the Joint Declaration and the Basic Law so as to achieve a smooth transition.

**PRC: Spokesman Comments on Hong Kong Budget, Other Issues***HK2203081196 Hong Kong WEN WEI PO in Chinese 22 Mar 96 p A12*

[Dispatch by staff reporter Han Hua (7281 2901): "Foreign Ministry Spokesman Comments on Budgetary Plan of British Hong Kong Government"]

[PTS Translated Text for FBIS] Beijing, 21 Mar (WEN WEI PO)— Regarding a question on Hong Kong permanent residency, Foreign Ministry spokesman Shen Guofang said here today that Hong Kong entry and exit is a rather complicated issue, and it will take time to draw up a reliable comprehensive resolution that takes various cases into consideration. Shen Guofang said that he had taken note of the Hong Kong Government's balanced 1996-97 budget and welcomed the efforts of the British Hong Kong Government to change

the deficit budget. Nevertheless, Shen pointed out, financial surpluses should not be obtained through curtailing expenses earmarked for Hong Kong's long-term development.

Shen continued that the relevant decision adopted by the National People's Congress on 4 April 1990 stipulates that the Preparatory Committee shall be responsible for preparing matters concerning the establishment of the Hong Kong Special Administrative Region, and that setting up a provisional legislature is a matter within its functions and powers. Thus, there are legal grounds for the establishment of a provisional legislature.

On the time limit of the work of the Sino-British Joint Liaison Group, Shen Guofang said that the Sino-British Joint Declaration clearly defines the functions and responsibilities of the group, and that the work of the Joint Liaison Group will terminate on 1 January 2000. Under general circumstances "there should be no changes."

At this afternoon's press briefing, Shen Guofang reiterated China's position on the question of the right of abode. He said that the Chinese side will do its utmost to adopt a lenient, flexible, and pragmatic approach to the issue on the condition that it is in line with the Sino-British Joint Declaration, Basic Law, and China's Nationality Law. As far as China is concerned, Shen said, the less time it takes the better. As the issue of entry to and exit from Hong Kong is complicated, it will take time to draw up a reliable comprehensive resolution that takes various cases into consideration.

Regarding the Hong Kong governor's remarks criticizing China's attempt to set up a provisional legislature, Shen Guofang said that time is getting short before China's resumption of sovereignty over Hong Kong, and it is hoped that Britain will cooperate closely with China in accordance with the spirit of the Joint Declaration and the Basic Law so as to achieve a smooth transition.

**PRC: Spokesman Pledges Protection for Foreigners***OW2203090696 Hong Kong AFP in English 0850 GMT 22 Mar 96*

[FBIS Transcribed Text] Beijing, March 21 (AFP) — China, responding Friday [22 March] to South Korean requests to protect its citizens against attacks by North Koreans, said it paid attention to safeguarding foreigners.

"The Chinese Government attaches importance to the protection of the legitimate rights and interests as well as the safety of foreign nationals in China," a Foreign Ministry spokesman said.

He warned that China "will not allow any foreigners to carry out illegal activities in China." The spokesman did not elaborate.

The spokesman was responding to questions on requests this week by visiting South Korean Foreign Minister Kong No-myong. During a meeting with Chinese counterpart Qian Qichen, Kong asked Beijing to take "appropriate action" to prevent North Koreans attacking South Koreans living in China.

Evidence has emerged that the Stalinist state planned to terrorise businessmen and students from its rival neighbour residing in China, a South Korean Embassy spokesman said.

North Korea reacted angrily last month to reports that it was planning to assassinate South Korean President Kim Yong-sam at the Europe-Asia summit in Bangkok.

Pyeongyang was linked to the blowing up of a South Korean airline in 1987 and the killing of more than half of the cabinet of former South Korean President Pak Chong-hee in Burma in 1983.

**PRC: Spokesman: NPC Delegation To Visit 3 European Countries**

*OW2103094296 Beijing XINHUA in English  
0911 GMT 21 Mar 96*

[FBI Transcribed Text] Beijing, March 21 (XINHUA) — A delegation of the Chinese National People's Congress (NPC) led by Vice-Chairman of its Standing Committee Tian Jiyun, will pay an official good-will visit to Ireland, Belgium and Iceland from March 28 to April 12.

This announcement was made by Chinese Foreign Ministry spokesman Shen Guofang at a press conference here today.

According to him, the delegation is invited by the National Parliament of Ireland, the Parliament of the Kingdom of Belgium and the Parliament of the Republic of Iceland.

**PRC: Spokesman: NPC Chairman To Visit Ukraine, Cuba, Russia**

*OW2103094396 Beijing XINHUA in English  
0919 GMT 21 Mar 96*

[FBI Transcribed Text] Beijing, March 21 (XINHUA) — Qiao Guh, chairman of the Standing Committee of the Chinese National People's Congress (NPC), will pay an official good-will visit to Ukraine, Russia, Cuba and Canada from March 28 to April 20.

This was announced by Chinese Foreign Ministry spokesman Shen Guofang at a press conference here today.

Qiao is invited by President of the Supreme Soviet of Ukraine Oleksandr Moroz, Chairman of Federation Council of Russia Stroyev and Chairman of the Russian State Duma Seleznev, President of the National Assembly of People's Power of Cuba Ricardo Alarcon de Quesada, and Speaker of House of Commons of Canada Gilbert Adolph Parent.

During his trip, Qiao will make a visit to Greece in transit at the invitation of the President of the Parliament of Greece Apostolos KAKLAMANIS.

**PRC: MOFTEC Official: GATT Talks Unaffected by Taiwan Issue**

*HK2203082496 Hong Kong MING PAO in Chinese  
22 Mar 96 p C2*

[Report by staff reporter Hsu Ching-hui (6079 0513 2547): "Long Yongtu States That Talks on Restoring China's GATT Membership Are Not Being Affected by Taiwan Strait Issue"]

[PTS Translated Text for FBIS] In a long distance telephone interview with our staff reporter yesterday, Long Yongtu, assistant minister of the Ministry of Foreign Trade and Economic Cooperation (MOFTEC), and head of a Chinese delegation currently attending a meeting in Geneva on China restoring its GATT membership, stated: For the time being, the talks have not been affected by the Taiwan Strait issue. He stressed: To ensure progress in the talks, it is necessary first of all to eliminate U.S. political interference.

Although he refused to forecast the date of restoration of China's GATT membership, he agreed that the recent speech by Wu Jianmin, China's representative to the United Nations, was "very important." Wu Jianmin said: The American presidential election this year constitutes a pressure on the talks. He also expected that China would not succeed in entering the WTO this year.

Long Yongtu added: After two days of unofficial multilateral talks, the recent Taiwan Strait issue has not yet affected the talks. Various countries have not mentioned the issue in the talks. He also maintained that to ensure progress in the talks, it is, necessary first of all to eliminate the political interference of the United States. He stressed: China will hold bilateral talks with various countries, but it has not yet made any arrangements on bilateral talks with the United States. He emphasized: "We will not take the initiative to ask for talks with them."

Wu Jianmin stated: This year is a presidential election year in the United States. Under political pressure, U.S. President Clinton might become an obstacle to restoration of China's GATT membership. Therefore, he expected that China would not succeed in re-entering GATT. Although Long Yongtu believes that Wu Jianmin's remarks were "very important," he refused to predict the date of China's re-entering GATT. He said: "I do not intend to predict the date of entering WTO. My duty is to hold the talks in a down-to-earth manner."

It has been learned that before the current consultations, the Chinese delegation submitted to the WTO detailed lists of more than 4,000 kinds of commodities whose customs duties would be dropped, and 170 kinds of commodities which no longer required import licenses and import quotas. It also presented explanatory documents on industrial policy, agricultural policy, and commodity inspection systems. The Chinese delegation also issued a written statement requesting that after China joins WTO, all member states and China must mutually provide each other with most-favored-nation treatment, and that all member states must lift their unilateral quota restrictions aimed at China.

After two days of official consultations, the China WTO Working Group will hold its first official meeting on Friday. After that, bilateral talks will begin. The Chinese delegation is expected to return home on 29 March, after the end of the talks.

### United States & Canada

**PRC: Senate Resolution To 'Hurt' Sino-U.S. Relations**

*OW2203115396 Beijing XINHUA Domestic Service in Chinese 1005 GMT 22 Mar 96*

[FBIS Translated Text] Washington, 21 Mar (XINHUA) — The U.S. Senate adopted a resolution on 21 March interfering in China's internal affairs, claiming that the U.S. troops should "protect Taiwan."

The Senate resolution stated that the United States should commit to the military stability of the Taiwan Strait. The resolution also urged the United States to provide Taiwan with "defensive weapons system."

The U.S. House of Representatives passed a similar resolution on 19 March. U.S. officials confirmed on 20 March that the Clinton administration has agreed to sell Taiwan "Stinger" air defense missiles and a package of high-grade positioning and navigation system for jet fighters.

Although the resolution adopted by both the U.S. House of Representatives and Senate is not binding on the government, this series of actions by the U.S. Congress

and Government have gravely violated the three Sino-U.S. communiques and are brutal interference [cu bao gan she 4723 2552 1626 3195] in China's internal affairs. It will only aggravate the tense situation in the Taiwan Strait and further hurt the Sino-U.S. relations [zhi hui jia ju tai wan hai xia de jin zhang ju shi jin yi bu sun hai zhong mei guan xi 0662 2585 0502 0489 0669 3494 3189 1499 4104 4868 1728 1444 0528 6651 0001 2975 2275 1364 0022 5019 7070 4762]

**PRC: Historian Says U.S. 'Bluffing' in Strait**  
*OW2203081696 Hong Kong AFP in English 0731 GMT 22 Mar 96*

[By Gilles Campion]

[FBIS Transcribed Text] Beijing, March 22 (AFP) — The United States has assembled its mightiest armada in the Pacific since the end of the Vietnam War, but is unlikely to deploy it in the Taiwan Strait while the crisis between Taiwan and China is still at its peak.

That is the view of Chinese sources and some foreign analysts in Beijing, who say that Washington — while signalling its opposition to China's intimidation of Taiwan — will not dare inflame sentiment by sending the task force through the narrow waterway at the moment.

"The Americans are bluffing. They would never dare send an aircraft carrier up the strait during the height of the crisis," said a Chinese historian who frequently travels to the United States. "That would be felt here as a provocation and an act of aggression."

The U.S. aircraft carrier Nimitz on Friday was heading with its escorts towards the crisis region after entering the South China Sea on Thursday.

The other carrier group, built around the USS Independence, has already been in the region for more than a week, monitoring Chinese exercises in the Taiwan Strait that have triggered the U.S. alarm.

With 18 units in the area, the United States has amassed the biggest concentration of naval firepower in the Pacific since the end of the Vietnam War in 1975.

"For us Chinese, it is bringing back the bad memories of the 1950s, when Washington allied itself with the Nationalists in Taiwan," the historian said. "Why are they putting their nose in our business?"

A senior Chinese official, speaking on condition of anonymity, said the presence of a U.S. warship near China's coast would be considered "a dangerous gesture that we would take very seriously" in the present context.

"The strait is an international waterway and the Americans have already sent several warships through it, but I don't think they would dare to do it at this time."

The fiery stance has been conveyed through Beijing's media allies. In Hong Kong, the pro-Beijing WEN WEI PO, in its editions Thursday and Friday, quoted Chinese sources as saying the People's Liberation Army (PLA) was capable of seizing control of the entire Taiwan Strait and of burying any foreign intruder in a "sea of fire."

But a Chinese diplomat working in a think-tank on foreign relations sounded a more relaxed note.

"I don't think that we are on the brink of an armed conflict between China and the United States over the Taiwan problem," he said.

"Our military manoeuvres are a warning to the Taiwanese authorities not to go further along the path of independence. The United States have understood the message and know that we have no intention of attacking the island. The crisis is over."

According to an opinion poll published in the United States this week, 46 percent of Americans opposed armed intervention in favour of Taiwan if the island comes under Chinese attack, while 43 percent are in favour.

In contrast, Congress has overwhelmingly backed a resolution — but a non-binding one — calling for American backing in such a scenario.

"I think the Americans will maintain their task force close to Taiwan until the PLA exercises are over, but I don't rule out one of their ships going down the strait afterwards to reaffirm that it is an international waterway open to all," an analyst said.

That concurs with statements from the Pentagon this week, saying that the United States would maintain an "appropriate" naval presence in the region as the "de-facto protectors of peace and stability in Asia."

The reaffirmation of the U.S. role as world policemen is intensely annoying for China, which already eyes itself as the great power of the next century. However, China still has to undergo a long march before its military power equals its political and economic ambitions.

"If the PLA got involved in a conflict with the United States, it wouldn't last long given the kind of firepower the U.S. Navy has out there," a foreign expert said.

**PRC: U.S. Actions in Strait Analyzed**

HK2203075996 Hong Kong WEN WEI PO in Chinese  
22 Mar 96 p A12

[Report: "Hong Kong Eastern District Association Condemns U.S. Hegemonism"]

[PTS Translated Text for FBIS] The Associations of Various Circles of the Eastern District of Hong Kong held a forum on the Taiwan Strait situation yesterday, attended by more than 100 people, including members and board directors of the association and district members.

At the symposium, the board decided to write a letter to U.S. President Clinton, sternly protesting against the U.S. Government for dispatching aircraft carriers to interfere in China's internal affairs, which has caused the situation in the Taiwan Strait to deteriorate, affected peace in the Asia-Pacific region, and battered Hong Kong's prosperity and stability. They said that China has the right authorized by international law to conduct military exercises within its own territorial waters, and this brooks no foreign interference. The Eastern District Association also invited Zhang Qingyun [1728 2532 0061], first deputy editor-in-chief of WEN WEI PO, to analyze the situation in the Taiwan Strait. Zhang said that the United States has dispatched warships merely to indicate its military hegemony in the western Pacific Ocean. It also shows that the United States does not wish to see a unified and prosperous China.

Zhang Qingyun continued that China's military exercises are aimed at puncturing the arrogance of Taiwan independence and not at the Taiwan people. The eight-point speech on Taiwan delivered by President Jiang Zemin clearly stated that China will carry out dialogue with Taiwan based on "one country, two systems" and end the state of hostility across the strait as early as possible. The current military exercises are aimed only at showing China's determination to defend its territorial integrity.

Zhang Qingyun said that the United States has dispatched warships merely to display its military hegemony in the western Pacific Ocean and scare the Taiwan people, and that without U.S. protection the Taiwan situation would be very dangerous [ru wu mei guo bao hu, tai wan ju shi jiang hui hen wei xian 1172 2477 5019 0948 0202 6233 0669 3439 1444 0528 1412 2585 1771 0604 7145]. The United States also intends to make a profit by selling large amount of weapons to Taiwan.

In addition, Chan Li-ling, president of the North Point Welfare Association and member of the Chinese People's Political Consultative Conference [CPPCC], gave

an account of the CPPCC which concluded not long ago.

### Central Eurasia

**PRC: Russia Says Taiwan 'Inalienable' Part of China**

*OW2103162896 Beijing XINHUA in English  
1526 GMT 21 Mar 96*

[FBIS Transcribed Text] Moscow, March 21 (XINHUA) — The Russian Foreign Ministry today reiterated that Taiwan is an inalienable part of China and that the Taiwan issue is an internal matter for the country.

Foreign Ministry spokesman Grigory Karasin stressed in an interview with the Itar-Tass news agency that Russia's position "remains unchanged."

"We proceed from the fact that Taiwan is an inalienable part of China, and the Taiwan issue is an internal affair of the Chinese people," Karasin pointed out.

He said that Russia "has been closely following the development of events in the Taiwan Straits, where a certain tension has developed."

Itar-Tass also quoted a directive on Russia-Taiwan links signed by Russian President Boris Yeltsin in September 1992, saying Russia will not develop official state-level relations with Taiwan. The directive also says there is one China only in the world and Taiwan is an inalienable part of China.

A story carried in the Russian official newspaper "Rossiiskaya Gazeta" today criticized the United States for its interfering in China's internal affairs.

The story pointed out that the situation in the Taiwan Straits will not affect Yeltsin's visit to China in April.

### Northeast Asia

**PRC: Qian Qichen, ROK Foreign Minister Talk**  
*SK2203033496 Beijing China Radio International  
in Korean 1100 GMT 21 Mar 96*

[FBIS Translated Text] During his talks with ROK Foreign Minister Kong No-myong in Beijing on 20 March, PRC Vice Premier and Foreign Minister Qian Qichen stated economic and trade relations are an important part of PRC-ROK relations. Foreign Minister Qian Qichen said: Economic and trade relations between the PRC and the ROK have continuously and rapidly been developed since diplomatic relations were established between the two. The mutual trade volume between the two countries last year totalled \$17 billion.

He continued by saying: As facts have proven, the PRC and ROK are relatively complementary in economics

and trade. The two countries have great potential to develop economic and trade cooperation based on the principle of equality and reciprocity, and the prospects for further development of mutual cooperation are bright.

Foreign Minister Qian Qichen also stated: Though it has not been long since diplomatic relations were established between the PRC and the ROK, their friendly relations in the political, economic, cultural, scientific, and technological fields have rapidly developed.

Stressing that the PRC and the ROK have also strengthened mutual cooperation in the international community, Minister Qian Qichen stated the PRC is satisfied with this.

Minister Kong No-myong stated: ROK-PRC relations have smoothly developed ever since diplomatic relations were established between the two countries, and those relations have achieved emphatic results. In particular, PRC President Jiang Zemin's visit to the ROK last year achieved remarkable results; this shows the multi-sided and excellent development of relations between the two countries.

He added that President Jiang Zemin's ROK visit contributed to the peace, security, and prosperity of the region. Kong No-myong expressed satisfaction with the rapid development of ROK-PRC economic and trade relations. He stressed the ROK is willing to make efforts to rapidly develop its trade relations with the PRC and to further strengthen reciprocal cooperation with the PRC in economic, scientific, and technological domains.

**PRC: Li Peng, ROK Foreign Minister Meet**  
*OW2103140096 Beijing XINHUA in English  
1242 GMT 21 Mar 96*

[FBIS Transcribed Text] Beijing, March 21 (XINHUA) — Premier Li Peng said here today that China is willing to join the Republic of Korea to further increase cooperation between the two sides.

Li made the remark here this afternoon during a meeting with visiting ROK Foreign Minister Kong No-myong and his party.

In welcoming Kong on his first visit to China after taking office as foreign minister in 1994, Li said that after China and the ROK established diplomatic relations, bilateral relations have seen a rapid development.

He went on to say that friendly relations and cooperation now extend to various fields, including politics, economy and culture.

Representatives of the two sides have met with each other many times, forging good relations, Li said, adding that the two countries are now important trade partners.

In noting that China and the ROK are close to each other geographically and their economies complement each other, Li pointed out that there is great potential and many prospects for economic co-operation.

In recalling his meeting with the ROK President Kim Yong-sam not long ago during the Asian-European Meeting, Li said that the meeting had been a success.

Kong said that Kim Yong-sam appreciated China's supporting ROK as the host of the third Asian-European Meeting, and ROK wants to co-operate actively with the Chinese side in preparing for it.

In speaking highly of the overall development of bilateral relations in various fields, Kong noted that ROK will continue its efforts at developing bilateral relations.

The two leaders also exchanged opinions on regional and international issues of common concern.

Li said that China is concerned with the situation on the Korean Peninsula and that he hopes that stability is maintained there to allow economic development in a peaceful climate.

Li pointed out that China supports all efforts that help peace and stability on the Korean Peninsula.

Kong conveyed Kim Yong-sam's regards to Li, who asked Kong to pass Chinese President Jiang Zemin's regards and his own as well to Kim.

Director of the Foreign Affairs Office of the State Council Liu Huaqiu, Vice-Foreign Minister Wang Yingfan, and ROK Ambassador to China Chong Chong-uk were present at the meeting.

**PRC: Jiang Zemin Meets With ROK's Kong No-myong**

*OW2203085596 Beijing XINHUA in English  
0628 GMT 22 Mar 96*

[FBIS Transcribed Text] Beijing, March 22 (XINHUA) — Chinese President Jiang Zemin said in Beijing today that China is ready to further its friendly relations with the Republic of Korea (ROK).

Jiang made the remark during a meeting with visiting ROK Foreign Minister Kong No-myong and his party, saying the relations should develop on the basis of the Five Principles of Peaceful Co-existence. The host and guest talked about bilateral relations and other issues of common concern.

After conveying ROK President Kim Yong-sam's regards to Jiang, Kong said that Jiang's successful visit to the ROK last year was a great event, which marked a new era for the development of bilateral relations.

Extending welcome to Kong who is on his first visit to China after he took office as foreign minister in 1994, Jiang briefed Kong on the NPC's Fourth session which ended recently.

Jiang noted that the session deliberated and approved the Outline of China's Ninth Five-Year Plan (1996—2000) for National Economic and Social Development and Long-Range Goals to the Year 2010.

Jiang stressed that the key content of Deng Xiaoping's theory on building socialism with Chinese characteristics is to concentrate all efforts on developing the economy.

To this end, Jiang said, China needs a peaceful international environment, and China is especially willing to establish a stable, good-neighborly relationship with the neighboring countries.

As a neighbor of the ROK, China is ready to further develop friendly relations with the ROK on the basis of the Five Principles of Peaceful Co-existence, he pointed out.

Jiang also asked Kong to convey his greetings to Kim Yong-sam.

Chinese Vice-Foreign Minister Wang Yingfan, and ROK Ambassador to China, Chong Chong-uk were present at the meeting.

Kong and his party are scheduled to visit the ancient city of Xian this afternoon.

**Southeast Asia & Pacific**

**PRC: Thai Prime Minister Interviewed on Economic Cooperation**

*OW2103172996 Beijing XINHUA in English  
1552 GMT 21 Mar 96*

[FBIS Transcribed Text] Bangkok, March 21 (XINHUA) — Thai Prime Minister Banhan Sinlapa-acha said here today that he will bring along with him Thai business people on his forthcoming visit to Beijing to explore new ways of economic, trade and investment co-operation with China.

Banhan will make an official visit to China from March 24-29 at the invitation of Chinese Premier Li Peng. In addition to Beijing, the capital, he will also travel to Xian, Shanghai and Shantou.

In an exclusive interview with Bangkok-based Chinese correspondents today, Banhan said his visit, symbolizing a continuation of Thailand's policy of Thai-Chinese friendship as followed by his predecessors, is of great significance both to Thailand and China.

He said that during the visit, apart from meeting with his Chinese counterpart Li Peng and Chinese President Jiang Zemin, he will also meet with some provincial leaders. The meetings will help promote bilateral cooperation, because it is essential to expand economic, trade and investment cooperation between the two countries to the provincial level.

During the visit, the foreign ministers of the two countries will sign an agreement on Thailand's opening a consulate general in Shanghai in 1998, he said.

The Shanghai-based Thai consulate general will be Thailand's third in China. The other two are based in Guangzhou and Kunming respectively.

Banhan said his government follows a policy of friendship with all of Thailand's neighbors and Thailand's friendship with China has a long history.

He said it is necessary to further strengthen Thai-Chinese friendly ties through bilateral goodwill exchanges.

Referring to China's reform and opening up, Banhan said that since China began its reform and opening up in 1978, its annual economic growth has been rapid at around 10 percent and the living quality of the Chinese people has improved considerably.

He said both Thailand and China are among the fast growing economies. The two countries' policies are correct, he added.

#### **PRC: Further on Thai Prime Minister's Economic Interview**

*OW2103173896 Beijing XINHUA in English  
1613 GMT 21 Mar 96*

[FBIS Transcribed Text] Bangkok, March 21 (XINHUA) — Thai Prime Minister Banhan Sinsapa-acha said here today that economic and trade cooperation between Thailand and China will be deepened in the next 10 years.

The next 10 years will be the third decade since Thailand and China established diplomatic ties in 1975 and it is also a new decade in the two countries' relations, Banhan said in an exclusive interview with Bangkok-based Chinese reporters.

The first decade was for the two countries to build mutual trust and the second was for them to develop

friendly cooperation in the economic and trade fields, Banhan said.

In the third decade, developing multi-lateral trade cooperation, especially in projects related to the Golden Quadrangle, the ASEAN Free Trade Area (AFTA) and the Asia-Pacific Economic Cooperation (APEC) forum, will be more important for the two countries, he said.

The Thai prime minister said that bilateral trade has reached three billion U.S. dollars and Thailand has become the eighth largest foreign investor in China with more than 2,000 projects involving four billion U.S. dollars, he said.

Commenting on the current Thai-Chinese ties, Banhan said that over the past 20 years, relations between the two countries have achieved an overall development.

Banhan said that since he took office as prime minister, frequent exchanges of visits by government officials, parliamentary leaders, business people and scientists have taken place between the two countries.

As the two countries enjoy long-term friendly relations, this friendship has taken root deep among the peoples of the two countries, he said.

Both sides have the sincerity and desire to develop their friendly relations, therefore these relations will be able to achieve sustained development, he said.

### **Near East & South Asia**

#### **PRC: Syrian Prime Minister Meets CPPCC Delegation 21 Mar**

*OW2103035996 Beijing XINHUA in English  
0004 GMT 21 Mar 96*

[FBIS Transcribed Text] Damascus, March 20 (XINHUA) — Syrian Prime Minister Mahmud al-Zu'bi met here this evening a visiting delegation of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) on further developing friendship and cooperation between the two countries.

The Chinese delegation was led by Qian Weichang, vice chairman of the committee.

During the meeting, the two sides dealt with means of bolstering the bonds of friendship and cooperation between the peoples of China and Syria to the best interests of the two countries.

Zu'bi briefed the Chinese delegation on the efforts of the Syrian people to accomplish great achievement in the overall economic development of Syria.

On his part, Qian conveyed the greetings of the Chinese Premier Li Peng to the Syrian prime minister, who, in

ture, entrusted him with similar greetings to the Chinese leader.

Qian also briefed the Syrian leader on the situation in China and its efforts to achieve economic development. He expressed China's great appreciation of the efforts exerted by the Syrian people under the leadership of President Hafez al-Asad.

**PRC: CPPCC Delegation, Syrian Officials Assess Expanding Ties**

**OW2103035396 Beijing XINHUA in English**  
**0013 GMT 21 Mar 96**

[FBIS Transcribed Text] Damascus, March 20 (XINHUA) — Vice General Secretary of Syria's ruling Socialist Arab Ba'ath Party 'Abdallah al-Ahmar met here today with a visiting Chinese delegation on ways of developing cooperation and friendship between the two countries.

The delegation of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) was led by Qian Weichang, vice chairman of the committee.

During the meeting, the two sides exchanged views on further developing the bonds of cooperation and friendship between the peoples of Syria and China through the activating cooperation between the Socialist Arab Ba'ath Party and the Progressive National Front in Syria, on the one hand, and the Chinese Communist Party and the CPPCC National Committee, on the other.

Briefing the Chinese delegation on the Middle East peace process, Ahmar said that Syria adheres to the regional peace process which was initiated at the Madrid conference in 1991.

He expressed Syria's genuine desire for establishing a just and comprehensive peace on the basis of the relevant U.N. Security Council resolutions. He indicated that Israel, not serious in its approach to peace negotiations, has resorted to the policy of procrastination and delay, thus failing to respond to the pre-requisites for a just and comprehensive peace as spelled out in the Madrid conference.

Ahmar added that Syria is opposed to terrorism, but it distinguishes the right of people to resist occupation of their territories from terrorism that harms innocent people. He said that Syria and other countries had suffered from terrorism which Israel was actually practicing.

On his part, Qian Weichang applauded the growing relations between the Chinese and Syrian people.

Speaking on the tension in the Strait of Taiwan, he pointed out that Taiwan was an inseparable part of

the Chinese territories, adding that China would never permit a foreign power to interfere with its internal affairs and that China was capable of unifying the motherland.

**PRC: Foreign Ministers Praise Friendly Sino-Kuwaiti Ties**

**OW2103194996 Beijing XINHUA in English**  
**1930 GMT 21 Mar 96**

[FBIS Transcribed Text] Kuwait City, March 21 (XINHUA) — China's Deputy Prime Minister and Foreign Minister Qian Qichen praised today the friendly and cooperative relations between China and Kuwait, describing it "an example to be reckoned with."

Qian made the remarks in a congratulation message sent today to Kuwaiti First Deputy Prime Minister and Foreign Minister Shaykh Sabah al-Ahmad al-Sabah to mark the 25th anniversary of the establishment of diplomatic ties between the two countries.

Qian said that "the existing friendly and cooperative ties between China and Kuwait, which are based on the principal of mutual respect, mutual benefit and equality, have registered profound and overall development over the past 25 years."

He added that the bilateral ties are growing rapidly due to the attention paid by leaders of both sides and the common efforts of the two governments.

Qian Qichen said he hoped that the friendly and cooperative relations would witness further growth through the joint efforts of the two countries.

According to a senior official from the Chinese Embassy in Kuwait, trade volume between China and Kuwait exceeded 229 million U.S. Dollars in 1995.

The official said that Kuwaiti exports to China stood at 124 million dollars last year, while imports from China amounted to 104 million dollars.

He said that loans granted to China by the Kuwaiti Fund for Arab Economic Development over the past few years amounted to over 600 million dollars for financing about 20 construction projects in China.

China and Kuwait established diplomatic ties on March 22, 1971.

The first deputy prime minister and foreign minister of Kuwait, Shaykh Sabah al-Ahmad al-Sabah, today praised China's firmness and courage in the international arena in support of Kuwait's just causes.

According to the Kuwait News Agency, Shaykh Sabah spoke highly of the friendly Kuwaiti-Chinese relations

in a message sent to his Chinese counterpart Qian Qichen.

He described such Sino-Kuwaiti relations as an example of good bilateral ties to be followed by others.

The Kuwaiti Embassy in Beijing said in a statement that the bilateral relations were fruitful and constructive because they were based on mutual cooperation.

### Political & Social

#### PRC: Supreme Procuratorate Reports to NPC on Work

OW 7203033696 Beijing XINHUA Domestic Service  
in Chinese 0833 GMT 12 Mar 96

[FBI Translated Text] Beijing, 12 Mar (XINHUA) — In a report on the work of the Supreme People's Procuratorate submitted today to the Fourth Session of the Eighth National People's Congress [NPC] for examination and approval, Procurator General Zhang Siqing of the procuratorate explained the progress made in procuratorial work over the past year.

Zhang Siqing said: In 1995, procuratorial organs at all levels concentrated on three key tasks: combating corruption; investigating and handling cases of corruption, bribery, embezzlement of public funds, playing favoritism and committing irregularities, and dereliction of duty and other major or serious cases; and cracking down on serious criminal activities and strengthening supervision over law enforcement. Last year, procuratorial organs at all levels placed 83,685 criminal cases of various kinds on file for investigation and prosecution, approved the arrest of and decided to arrest 608,678 criminal offenders, and prosecuted 596,624 persons according to law.

In dealing with the handling of major or serious cases, the report states: In 1995, procuratorial organs at various levels focused or concentrated on the investigation and handling of major or serious cases in the anti-corruption struggle. Placed on file for investigation last year were 63,953 cases of corruption and bribery and 19,732 cases of playing favoritism and committing irregularities and dereliction of duty. Cases of committing the above crimes by 12,835 personnel among leading party and government bodies, administrative law-enforcement organs, judicial organs, and economic management departments were investigated and handled. Of the 12,835 personnel, 3,206 were from leading party and government bodies; 2,258, from administrative law-enforcement organs; 3,792, from judicial organs; and 3,579, from economic management departments. They retrieved direct economic losses of more than 4.9 billion yuan for the state and collectives.

According to the report, a number of shocking and influential criminal cases involving leading cadres were investigated and handled last year. People's procuratorates at all levels vigorously investigated and dealt with criminal cases involving leading cadres; upholding the principle that everyone is equal before the law, they resolutely investigated and handled such cases according to law no matter who committed a crime. Last year, cases of corruption, bribery, and other crimes involv-

ing 2,262 cadres at or above the county or department level were placed on file for investigation, increasing 27.9 percent over the previous year and setting a record. Of the 2,262 cadres, 619 were from leading party and government bodies, administrative law-enforcement organs, judicial organs, and economic management departments; 137 were cadres at the department or bureau level; and two were cadres at the provincial level. The report says: Those people constituted an extremely small minority of our cadre ranks. Relaxing their efforts to remold their world outlook, they could not withstand the test of reform and opening-up and the corrosive influence of decadent ideology, deviated from the purpose of serving the people wholeheartedly, and fell into the mire of crime, thus doing serious harm to the party and the country. This problem clearly showed up in the investigation and handling last year of the criminal cases involving Wang Baosen, former vice mayor of Beijing, and others; the case of taking bribes by Ouyang De, former vice chairman of the Guangdong Provincial People's Congress Standing Committee; the cases of offering or taking bribes by former Secretary Hu Jianxue and Deputy Secretary Sun Qingxiang of the Taian City Party Committee in Shandong, by Standing Committee Member and Secretary General Lu Jiaoqing of the city party committee, and by Vice Mayor Kong Limin and Public Security Bureau Director Li Huimin of the same city; and the case of taking bribes by Kang Yao, former director of the Wages and Welfare Department under the Ministry of Personnel. The report says: The investigation and handling of such major cases made it possible for the masses of people to realize the firm determination of the party and the government in combating corruption and to see the practical actions taken in this regard. This has served as a warning to state functionaries, encouraged them to work hard for the people, and promoted the building of a clean and honest government.

In the report submitted to the session for examination and approval, Zhang Siqing said: Resolutely implementing the guidelines of the party central committee on maintaining stability and upholding the people's democratic dictatorship, people's procuratorates at all levels performed their functions; coordinated closely with public security departments, the courts, justice administration departments, and state security and other departments; cracked down on crime as the key link to grasp in tackling problems of public order in a comprehensive way; and dealt stern and prompt blows to serious criminal activities according to law. Last year, procuratorial organs across the country accepted requests by public security or state security organs for the arrest of 670,886 criminals; The trial of cases involving 624,910 persons were finished by the end of 1995; These procu-

ratorial organs approved the arrest of 576,033 criminals; they accepted 660,406 criminals who were transferred from one venue to another for prosecution, and the trial of such cases involving 593,444 of them were finished; and public prosecutions against 555,842 persons were initiated. This has safeguarded state security and social stability and promoted the development of reform, opening-up, and the economy.

Zhang Siqing said in the report: In view of the outstanding problems of laws being not strictly observed or enforced and failing to bring lawbreakers to justice, people's procuratorates at various levels vigorously strengthened their supervision over law enforcement, paid attention to discovering and investigating cases of abusing their powers to commit crimes by law enforcers, and made efforts to promote the strict enforcement of law and to uphold justice through the handling of such cases. In supervision over investigation, stress was put on problems such as cases being not placed on file for investigation and prosecution, failing to bring lawbreakers to justice, and the practice of replacing imprisonment for criminal offenses with lighter punishment. Opinions on remedying violations of the law occurring in the course of investigation were filed 14,243 times. In supervision over criminal trials, people's procuratorates stepped up their work in appealing against the judgments for those who committed a serious crime but were given a light sentence or who were guilty but were pronounced not guilty. Protests were lodged against mistaken criminal judgments or rulings according to law. In 1995, 1,775 protests were lodged according the appeal procedure, and 641 protests were lodged in line with the procedure for trial supervision; 2,343 opinions on remedying violations of the law in the trial of cases were filed. In law and discipline inspection, procuratorial organs earnestly investigated and dealt with cases of infringing on citizens' democratic rights and the rights of the person and offenses of dereliction of duty.

**PRC: Report on NPC Discussion of Regional Economic Disparity**

*HK2203102496 Beijing CHINA DAILY in English  
22 Mar 96 p 4*

[By Hua Hua: "Economic Gap To Be Narrowed"]

[PTS Transcribed Text for FBIS] The central government has pledged to narrow the economic gap between the eastern part of China and its central and western areas during the next five to 15 years.

This co-ordinated regional development strategy, put forward by the Fifth Plenary Session of the Central Committee of the Communist Party of China (CPC) last

September, became a hot topic among deputies at the recently concluded National People's Congress (NPC).

The central government has decided to give more support to economic development in the central and western areas. These areas should seize the opportunity to catch up with the east, said President Jiang Zemin, while taking part in a panel discussion of Anhui and Guizhou provinces.

The resource-rich inland areas have great development potential now that they have captured the government's attention, said Qiao Shi, Chairman of the NPC Standing Committee.

Qiao encouraged these provinces to establish closer ties with coastal areas in science, technology and commercial activities.

Since the end of 1987, China has shifted its development strategy eastward by granting preferential treatment to coastal provinces in financing, credit and investment. These benefits have accelerated economic growth in the east but resulted in a widening income gap with other areas.

Central and western regions make up 85 per cent of China's land mass, but their development nevertheless lags behind the east.

From 1991-95, China's gross national product (GNP) grew at an average annual rate of 11.7 per cent. However, that average rate reflects a 16 per cent growth rate in the east, but only 9 per cent growth in western and central China.

In 1990, the eastern areas produced 55.4 per cent of the country's gross domestic product (GDP), while the central and western parts contributed to only 44.6 per cent.

Although regional disparities are inevitable in a country poised for an economic take-off, the government's ultimate goal is balanced development across all regions.

The government plans to introduce five policy measures for the development of central and western China during the Ninth Five-Year Plan (1996-2000). These measures include developing resources and building infrastructure. Central and western parts possess rich deposit of minerals, such as coal in Shanxi Province and oil in Xinjiang Uygur Autonomous Region.

In addition, government will encourage resources-processing and labour-intensive industries to re-locate from eastern to central and western China. NPC deputies suggested that priority be given to such relocated industries in getting government's loans.

Other policy measures include rationalizing prices of resources products to enhance the self-development abilities of central and western regions and to improve their investment environment so as to attract more foreign funds.

But to vitalize the economy of central and western regions, the government's support alone is not enough. Inland provinces must make their own efforts to break away from poverty, said Cheng Andong, a deputy from Shanxi Province.

"The central and western regions should further open themselves to overseas and domestic areas," said Cheng.

Central and western areas should proceed from their own practical situations and tap full potential of their own advantages to lure foreign and domestic investment.

NPC deputies from both eastern, central and western regions realize they should foster closer co-operation and complement each other in economic development.

By early next century, more than half the electric power required in eastern regions will come from central and western China.

More than 60 per cent of the demand for raw materials is expected to come from the country's interior.

Qinghai Province in Northwest China, for example, remains one of the most underdeveloped areas in the country. However, it boasts abundant hydraulic power resources along the upper reaches of the Yellow River. Its potential mineral resources are estimated to be worth 17.5 trillion yuan (\$2.1 trillion).

Tian Changqing, governor of the province, held that China's development must rely on domestic resources, using development of the Western United States as a model.

According to Tian, salt lakes in Qinghai have the potential to produce 97 per cent of the country's potash fertilizer. Inefficient use of its domestic resources causes China to spend \$200 million importing potash fertilizer every year.

The potential exists for a tremendous symbiosis between the resource-rich central and western regions and the eastern areas rich in capital, technology, and talented people.

Growth of China's eastern region has to some extent been achieved at the expense of the central and western parts, said Li Chunqing, governor of East China's Shandong Province. For a long time, raw materials produced in central and western areas have been made

irrationally low to back the economic take off of the east.

"In the long run, only when the economies of the central and western parts are developed can the comprehensive national strength be enhanced and the economic growth in eastern China be sustained," said the governor.

Deputies appealed to the government to help make up for deficiencies that have arisen from the weak infrastructure facilities and shortages of managerial personnel and technicians in the interior regions.

The central government has crafted an encouraging blueprint for the development of the central and western regions. "Concrete measures are needed to carry out the government's policies and make the blueprint a reality," said Lou Shili, a deputy from Guizhou Province.

**PRC: CPPCC Adopts Political Resolution on 9th 5-Year Plan**

*OW2203014996 Beijing XINHUA Domestic Service in Chinese 1447 GMT 13 Mar 96*

[FBIS Translated Text] Beijing, 13 Mar (XINHUA) — Political Resolution of the Fourth Session of the Eighth National Committee of the Chinese People's Political Consultative Conference [CPPCC]

(Adopted at the Fourth Session of the Eighth National CPPCC Committee, 13 March 1996)

The Fourth Session of the Eighth National CPPCC Committee endorsed the "Outline of the 'Ninth Five-Year Plan' for National Economic and Social Development and the Long-Term Target for the Year 2010"; Premier Li Peng's report on the "Outline"; the "Report on the Implementation of the 1995 National Economic and Social Development Plan and on the Draft 1996 National Economic and Social Development Plan"; the "Report on the Implementation of the 1995 Central and Local Budgets and on the Draft 1996 Central and Local Budgets"; and the work reports of the Supreme People's Court and the Supreme People's Procuratorate. The session expressed satisfaction with our country's new achievements in socialist modernization over the past year and the successful completion of the "Eighth Five-Year Plan" for National Economic and Social Development. Participants in the session were greatly inspired and heartened by the guiding principles and magnificent goals set forth in the Outline of the "Ninth Five-Year Plan" for National Economic and Social Development and the Long-Term Target for the Year 2010.

The session maintained: The next 15 years will be an important period that carries our country's program of reform, opening up, and socialist modernization into the

future. Drawing up a sound overall development plan for this period and ensuring its implementation have a bearing on the future of China and the Chinese people, and have major practical and profound historical significance. At present, the international situation is generally moving toward detente, and this helps us concentrate on our construction. The tremendous achievements that our country has scored since the program of reform and opening up was launched have provided us with a material basis and social conditions for achieving sustained development. More importantly, the theory, line, and principle of building socialism with Chinese characteristics, which were developed during the course of practice, have pointed the way for further progress. We must work with one heart and one mind; seize the opportunity; promote fundamental changes in the economic system and economic growth mode; implement the strategies of developing the country through science and education and seeking sustainable development; and promote sustained, rapid, and healthy national economic development. The session expressed concern and worries about some current major problems that affect reform, development, and stability. These include the fragile agricultural foundation; considerable difficulties in deepening the reform of state-owned enterprises and running them; the pressing need to strengthen spiritual civilization, democracy, and the legal system; fairly serious inflation and fairly chaotic economic order; a widening gap in regional development; the need to rationalize the distribution of personal incomes; the spread of some corrupt practices; and poor public order in some areas. The session made some positive comments and suggestions and expressed hope that the government would adopt effective measures to solve these problems in a step-by-step manner, with the assistance of the masses.

The session pointed out: It is the Chinese people's strong wish and unshakable will to achieve the great cause of reunifying the motherland in accordance with the principle of "peaceful reunification and one country, two systems." This is an irresistible historical trend. Various political parties, democrats with no party affiliation, mass organizations, and representatives of all ethnic groups and from all walks of life involved in people's political consultation firmly support all our government's efforts to ensure smooth progress in resuming the exercise of sovereignty over Hong Kong and Macao, and to maintain long-term prosperity and stability in Hong Kong and Macao. They fully support the eight-point proposition put forward by Jiang Zemin, CPC Central Committee general secretary and state president, on advancing the process of the motherland's reunification; resolutely oppose any plot to create "two China's" or "one China, one Taiwan," promoting "Taiwan in-

dependence," or deliberately splitting Taiwan from the motherland; and resolutely oppose interference by any foreign force in China's internal affairs or support of "Taiwan independence" under any pretext. The session made an ardent appeal to all Chinese people, including compatriots in Taiwan, Hong Kong, and Macao, and overseas Chinese, to join hands and work for the great cause of reunifying the motherland at an early date.

The session pointed out: Completing the various tasks set forth in the Outline of the "Ninth Five-Year Plan" for National Economic and Social Development and the Long-Term Target for the Year 2010 is a major goal to which people across the country will devote joint efforts for some time to come. CPPCC organizations at all levels, all units involved in CPPCC work, and all CPPCC members should steadfastly uphold the Deng Xiaoping theory of building socialism with Chinese characteristics and the basic line of "one central task and two basic points." Under the leadership of the CPC Central Committee with Comrade Jiang Zemin as the core, they should earnestly fulfill their duties in political consultation, democratic supervision, and discussion and administration of state affairs; unite all forces that can be united and mobilize all positive factors to consolidate the patriotic united front and expand it as much as possible; and work hard in a pioneering spirit so as to make new and greater contributions to fully achieving the major goal and to bringing a Chinese nation with an all-new outlook into the 21st century.

#### PRC: Deng 'Considered' PRC Name Change To Win Reunification

HK2203052996 Hong Kong MING PAO in Chinese  
22 Mar 96 p 1

["Special article" by staff reporter: "Deng Xiaoping Once Considered Changing Name of State To Seek Reunification"; passages in italics published in English]

[PTS Translated Text for FBIS] Huang Wenfang, who worked for a long time in the Hong Kong Branch of XINHUA News Agency, handling Taiwan affairs, revealed yesterday that Deng Xiaoping adopted an open and very flexible attitude while interpreting the concept of "one China." To seek reunification between Taiwan and the mainland, Deng even maintained that the state name "People's Republic of China" could also be changed.

While addressing a symposium on "Investment Tactics Under the Tense Situation in the Taiwan Strait" convened by MING PAO, Huang Wenfang, former head of the Taiwan Affairs Department under the Hong Kong Branch of XINHUA News Agency, pointed out: Chinese leaders, including Deng Xiaoping, interpret the

concept of "one China" in an ambiguous way. They maintain that everything is all right as long as Taiwan does not pursue independence. Therefore, Beijing even treats Chiang Kai-shek and Chiang Ching-kuo as supporters of "one China," although the one China in their minds was the Republic of China.

Wang continued: While studying the Taiwan issue, Deng Xiaoping pointed out that if Taiwan was willing to negotiate, he could consider deleting the two words "ren min [0086 3046]" from the state name of "zhonghua renmin gonghe guo." The state name would then be "zhonghua gonghe guo [0022 5478 0364 0735 0948]." However, former Foreign Minister Wu Xueqian reminded Deng Xiaoping: If "renmin" were deleted, in English the state name would be the same as that of Taiwan.

The English translation of "zhonghua renmin gonghe guo" is *People's Republic of China*. If "people" were deleted, it would then become *Republic of China*. This would be the same as the English translation of "zhonghua minguo."

Hearing this, Deng Xiaoping thought it was not good to change the name. He eventually gave up the idea.

**PRC: Beijingers Concerned About Cross-Strait Dispute**

HK2203005996 Hong Kong SING TAO JIH PAO  
in Chinese 20 Mar 96 p A4

[Report by special correspondent Ling-hu Chao-yang (0109 3698 2600 7122): "Beijing People Are Very Concerned About Military Exercises, Unhappy About U.S. Involvement in Cross-Strait Dispute"]

[PTS Translated Text for FBIS] The People's Liberation Army has started another eight-day ground, sea, and air military exercises. As military drills and missile tests have been widely reported before that, Beijing people are particularly concerned [guan xin 7070 1800] about the series of military exercises, which have become a hot topic of discussion.

The just-concluded sessions of the National People's Congress [NPC] and the Chinese People's Political Consultative Conference [CPPCC] should have focused on the Ninth-Five Year Plan and long-term target for the year 2010. However, because of changes in the cross-strait situation, the question of Taiwan became an issue of concern to CPPCC members, NPC delegates, and Chinese and foreign reporters who covered the "two sessions." Ordinary people are very concerned about the Taiwan issue because from China's slogan "Taiwan must be liberated" in the 1950's to today's economic, trade, cultural, scientific, and technological exchanges

between the two sides of the Taiwan Strait, the word Taiwan in fact has always been on their minds.

As intellectuals in Beijing Municipality have a better understanding of history and the current situation, their comments on this issue are more comprehensive. They hold that Taiwan is an inseparable part of China.

The United States is hegemonist. It meddles in affairs of any country or region, and yet it never does it well. Rather than hoping that China will become powerful, the United States wants to contain its growth.

Most intellectuals maintain that Chinese people will not espouse Taiwan independence, nor do they want another civil war.

The young people are relatively afraid of war and military force. They are used to an easy life and know little about history; still less do they have intimate knowledge of it. Thus, they hope for less confrontation and more peace talks and want peace rather than war.

People of all strata and ages do not want war. It is hoped that Taiwan can gain a clear understanding of the situation, uphold one China, and be sincere about holding talks with the mainland on the issue of reunification. China's reunification will benefit the people of both sides of the strait.

**PRC: Report on Leaders' Activities 27 Feb-21 Mar**  
OW2203053796

[FBIS Report] PRC media monitored from 27 February to 21 March carried the following reports on PRC central leadership activities. The source is noted in parentheses after each report.

**Wei Jianxing Named Head of New Committee To Promote Spiritual Civilization in Beijing** — The capital Committee for Building Spiritual Civilization was founded by the Beijing Municipal Party Committee and Municipal Government on 27 February. Beijing Municipal Party Secretary Wei Jianxing, also a member of the CPC Central Committee Political Bureau and of the party Central Committee Secretariat; and Beijing Municipal Deputy Party Secretary and Mayor Li Qiyang are the director and first deputy director of the committee respectively. (Beijing XINHUA Domestic Service in Chinese 0958 GMT 27 Feb 96)

**Beijing Military Region Progresses in Building Two Civilizations Following Jiang Zemin's Inspection** — Echoing Central Military Commission Chairman Jiang Zemin's call for improving the building of spiritual civilization in the capital during his inspection of Beijing

Municipality at the end of last year, the Beijing Military Region has built up a civilized image by enthusiastically serving the people in the capital. Meanwhile, its troops have taken the initiative in beautifying the capital's environment and giving support to key construction projects. (Beijing XINHUA Domestic Service in Chinese 0302 GMT 6 Mar 96)

**Li Peng, Qiao Shi, Zhu Rongji, Hu Jintao, Rong Yiren, Xie Fei, Yang Shangkuan, Song Ping, Bo Yibo, and Others Mourn the Death of Former Guangdong Provincial Party Secretary Wang De** — Comrade Wang De, former CPC Guangzhou City Committee first secretary and Guangdong Provincial Committee secretary, who died of illness in Guangzhou on 23 February at the age of 90, was cremated in Guangzhou on 8 March. Leading Comrades Li Peng, Qiao Shi, Zhu Rongji, Hu Jintao, Rong Yiren, Xie Fei, Yang Shangkuan, Song Ping, Bo Yibo, Song Renqiong, Ye Xuanping, Henry Fok Ying-tung, Ma Man-kei, Wang Shoudao, Liu Lantao, Xi Zhongxun, Peng Chong, Ye Fei, and Lu Zhengcao mourned the death of Wang De and sent condolences to his family. (Beijing XINHUA Domestic Service in Chinese 1104 GMT 15 Mar 96)

**Zou Jiahua Attends Ceremony in Beijing To Mark Publication of Calligraphic and Art Works in Commemoration of Liu Zhidan and Xie Zichang** — A publication ceremony for "A Collection of Calligraphic and Art Works in Commemoration of Revolutionary Heroes Liu Zhidan and Xie Zichang" was held at the Great Hall of the People on 18 March, and State Council Vice Premier Zou Jiahua and over 200 figures from all walks of life were present. (Beijing XINHUA Domestic Service in Chinese 1042 GMT 18 Mar 96)

**Li Lanqing Meets With French Entrepreneurs' Delegation** — On the afternoon of 18 March, State Council Vice Premier Li Lanqing met with a delegation of French entrepreneurs headed by Jeannou Lacaze, president of the Universal Investment Group of Paris and former chief of staff of the armed forces of France in Zhongnanhai. During the meeting, Li Lanqing spoke glowingly of the long-term economic relations between the two countries. (Beijing XINHUA Hong Kong Service in Chinese 1348 GMT 18 Mar 96)

**Lei Jieqiong, Wang Guangying, and Wang Zhaoguo Attend Meeting Marking United Front Paper's Anniversary and Periodical Office's Founding** — The CPC Central Committee's United Front Work Department called meeting on 19 March to mark the fourth anniversary of the launching of ZHONGGUO TONGYI ZHANXIAN [China's united front] and the founding of the Chinese United Front Periodical Office. [National People's Congress Standing Committee Vice Chairmen]

Lei Jieqiong, Wang Guangying, [United Front Work Department Head] Wang Zhaoguo, and leading cadres of the press and publishing sector and leading figures of democratic parties in the capital attended the meeting. (Beijing XINHUA Domestic Service in Chinese 0815 GMT 19 Mar 96)

**Wei Jianxing Addresses All-China Trade Union Federation Meeting** — The 10th presidium meeting of the All-China Federation of Trade Unions' 12th Executive Committee was held in Beijing on 19 March, and the federation's president, Wei Jianxing, also a member of the CPC Central Committee Political Bureau and Secretariat, chaired and addressed the meeting. He said: To fulfill the Ninth Five-Year Plan and the long-term target for the year 2010, we must unswervingly follow the party's fundamental guiding principle of wholeheartedly relying on the working class and take practical and effective measures to carry it out. (Beijing XINHUA Domestic Service in Chinese 0925 GMT 19 Mar 96)

**Luo Gan Chairs Organizing Committee for 62th Congress of International Libraries Association To Be Held in Beijing in August** — The 62d Congress of the International Library Association will be held in Beijing in late August. In order to make the meeting a success, the Chinese Government has set up an organizing committee chaired by State Councillor and State Council Secretary General Luo Gan, and Minister of Culture Liu Zhongde is the executive chairman. (Beijing XINHUA Domestic Service in Chinese 2115 GMT 19 Mar 96)

**Zou Jiahua Addresses International Forum on Electronics Commerce** — The International Forum on Electronics Commerce 1996 was held in Beijing on 20 March. State Council Vice Premier Zou Jiahua attended and addressed the meeting, saying that the Chinese Government has noticed the global trend of applying information technology to economic and social development and will strengthen development of the information industry. (Beijing Central Television Program One Network in Mandarin 1100 GMT 20 Mar 96)

**Li Tiesing Attends Ceremony Marking 50th Anniversary of Beijing High School's Founding** — On 20 March, CPC Central Committee Political Bureau Member and State Councillor Li Tiesing attended a ceremony marking the 50th anniversary of the founding of his Alma Mater — the Beijing No. 101 High School. (Beijing Central Television Program One Network in Mandarin 1100 GMT 20 Mar 96)

**Peng Peiyun Presides Over State Council Committee for the Disabled** — The Fourth Plenary Meeting of the State Council Committee for the Coordination of

Work for the Disabled was held in Beijing on 20 March. The committee chairman, State Councilor Peng Peiyuan, who presided over the meeting, spoke on the gratifying achievements scored during the Eighth Five-Year Plan period but warned that much remains to be done. The meeting also listened to a number of reports on the work for the disabled, including one presented by Deng Pufang, vice chairman of the committee and president of the Chinese Federation for the Disabled, on implementation of the program for the disabled as specified by the Eighth Five-Year Plan. (Beijing XINHUA Domestic Service in Chinese 1221 GMT 20 Mar 96)

Jiang Zemin, Li Peng, Li Ruihuan, Hu Jintao, Tian Jiyun, Li Lanqing, Wei Jianxing, Wan Li, and Li Ximing Mourn the Death of Former CPC Beijing Municipal Advisory Commission Chairman Wang Xian — Former CPC Beijing Municipal Advisory Commission Chairman Wang Xian died of cancer on 14 March at the age of 74. Jiang Zemin, Li Peng, Li Ruihuan, Hu Jintao, Tian Jiyun, Li Lanqing, Wei Jianxing, Wan Li, Li Ximing, and Duan Junyi mourned his death and sent condolences to his family. (Beijing XINHUA Domestic Service in Chinese 0854 GMT 21 Mar 96)

**PRC: Li Peng Letter Hails Gold Production Increase**

*OW2203150096 Beijing XINHUA in English  
1346 GMT 22 Mar 96*

[FBIS Transcribed Text] Beijing, March 22 (XINHUA) — Chinese Premier Li Peng, in a letter of congratulations to the ongoing third national gold conference today, praised China's gold industry for developing rapidly during the Eighth Five-Year Plan period (1991-1995) and having made a significant contribution to the country's economic construction.

Last year China's gold production reached 108 tons, eight tons over the year's target.

Li Peng urged in the letter that the gold industry continue to deepen its reform and opening to the outside world in order to raise its production and efficiency simultaneously during the Ninth Five-Year Plan period (1996-2000), and to raise the annual gold production to 150 tons.

Li also called for strict management of gold resources and elimination of recklessness. [sentence as received]

It is learned that during the Eighth Five-Year Plan period China's gold production increased by 10 percent annually and produced 447.2 tons of gold altogether,

thanks to a series of new regulations concerning the gold industry set forth by the central government.

In the five years China found 1,735 more tons of gold deposits, 23 percent more than was found in the previous five years.

The development of the gold industry has also promoted local economic development and has helped poverty-stricken areas extricate themselves from poverty. Statistics show that among China's over 2,000 counties, 95 have the gold industry as their main industry while in 63 gold production is the top income earner.

**PRC: CPC Delegation Returns From Laos**  
*(W2103135496 Beijing XINHUA in English  
1247 GMT 21 Mar 96*

[FBIS Transcribed Text] Kunming, March 21 (XINHUA) — A delegation of the Communist Party of China (CPC) returned here today after attending the Sixth National Congress of the Lao People's Revolutionary Party.

The delegation was headed by Wen Jiabao, alternate member of the Political Bureau and member of the Secretariat of the CPC Central Committee.

**PRC: First Couplet Copyright Suit Settled**  
*OW2203045096 Beijing XINHUA in English  
0156 GMT 22 Mar 96*

[FBIS Transcribed Text] Wuhan, March 22 (XINHUA) — The intermediate people's court of this capital of central China's Hubei Province has made the final judgment in the country's first copyright suit concerning an antithetical couplet, a traditional Chinese literary form.

Tu Guangyong, an associate professor of the Chinese Department of the Central China Teacher's University won the case against Li Yunxian, a woman farmer in Hanchuan County.

Antithetical couplets, which consist of two sentences and have rigid writing formats, are usually written on red paper and pasted on the door frames, usually during festival seasons.

In 1983 the authorities of the Yellow Crane Tower Park and the HUBEI DAILY jointly held a couplet contest to commemorate the re-opening of the tower, one of the most famous in China. A couplet by Yin Yunzhang, a retired accountant in Hanchuan County, was selected and hung at the north gate of the tower. Tu Guangyong considered that Yin had plagiarized a couplet of his published in the local CHANGJIANG DAILY on Feb 22, 1981. The tower authorities accepted Tu's appeal

and erased Yin's signature from under the couplet. Yin insisted on his authorship until he died of illness.

On June 15, 1995, Li Yunxian, Lin's wife, took the case to the people's court of the Wuchang District of Wuhan and asked that the copyright of the couplet be bestowed on her husband. The court decided that Yia had not plagiarized Tu's work, and the case was widely reported under the headline "Woman Farmer Defeats Professor in Plagiarism Case." This caused great controversy among educational, literary and publishing circles.

When Tu appealed, the intermediate people's court of Wuhan consulted experts on couplets and copyright.

The experts reached the consensus that, in terms of the time of creation and publication, Tu's work was at least two years and three months earlier than that of Yin; and in terms of the format and contents of the works, only five words of Yin's couplets belonged to himself and the rest were identical to those of Tu's.

The court made the final judgment on the basis of the experts' opinions.

**\*PRC: 'Three-in-One' Family Planning Work Urged**

96CM0155A Beijing RENKOU YANJIU  
[POPULATION RESEARCH] in Chinese 29 Nov 95  
No 96, pp 65-71

[Article by Dang Xiaoqing (8093 1420 3237), Zhou Meilin (0719 5019 2651), and Shi Hailong (4258 3189 7893), Laws and Regulations Office, State Family Planning Commission: "'Three-in-One' Work To Promote Family Planning Nation-Wide"]

[FBIS Translated Text] By transmitting documents, comparing notes, and holding symposiums and working conferences to launch pilot projects, the State Family Planning Commission in recent years has been urging the entire nation to study the experiences of places like Jilin and Yancheng, Jiangsu, to launch pilot projects and to make "three-in-one" work more widespread. In the wake of the national symposium of family planning commission chairmen in Yancheng, Jiangsu, in June 1994, a host of documents designed to advance "three-in-one" work have appeared all over the nation. These documents have proved or are proving very useful in furthering "three-in-one" work in many places.

Based on the information we have, documents on "three-in-one" work can be divided into two broad categories. The first category comprises those issued or transmitted by a provincial CPC committee or provincial government. A total of 11 provinces and regions have issued or transmitted such documents. The following provin-

cial governments have issued "three-in-one" work documents: Jilin, Sichuan, Hunan, Jiangxi, Shaanxi, Henan, and Shaanxi. The following provincial (regional) CPC committees and provincial governments have transmitted documents on "three-in-one" work: Heilongjiang, Zhejiang, Hebei, and Inner Mongolia. In Sichuan, a pertinent provincial-level department also has issued a document launching "three-in-one" work. Also in this category are four municipalities with provincial-level economic decisionmaking power, namely Chongqing, Ningbo, Dalian, and Qingdao. The second category consists of documents issued by provincial-level family planning departments. Provinces whose family planning departments have issued "three-in-one" documents are Jiangxi, Shanxi, Anhui, Qinghai, Ningxia, Guangxi, and Shaanxi. Of these provinces, Shanxi, Qinghai, Ningxia, and Guangxi have decided to launch "three-in-one" work across the board. Three provinces, namely Jiangxi, Shanxi, and Shaanxi, have issued special documents outlining arrangements for pilot projects.

It has also been reported that some jurisdictions are preparing to unveil documents that would launch "three-in-one" work across the board. Among them are these five provinces, municipalities, or regions: Beijing, Fujian, Hebei, Ningxia, and Hainan.

"Three-in-one" documents unveiled across the nation contain guiding ideas, principles, organized leadership, division of responsibilities, and examination and evaluation. Their contents cover these six areas:

**1. Deepen Understanding and Unify Thinking So That "Three-in-One" Work Can Proceed In Depth**

"Three-in-one" documents everywhere make understanding the most important issue. The consensus is that "three-in-one" work has profound and far-reaching significance. Combining family planning work organically with peasants' production, daily living, and reproduction and assisting families that practice birth control to become rich ahead of others would set a good example and contribute to controlling the size of the population effectively and keeping population growth, on the one hand, and socioeconomic development, on the other, in a state of balance. This line of thinking is consistent with the economic development plans and implementation plans of local governments. Moreover, "three-in-one" work meets the need of a market economy to establish a new mechanism for family planning work and raise the standard of such work. Places which are highly developed economically and where family planning rests on solid footing must go in for "three-in-one" work, but places that are less developed and where the task of population control is more arduous have an even greater need to launch

"three-in-one" work. All documents emphasize that it is important to use extra care to tackle the erroneous ideas and muddled thinking in existence currently, primarily the following: "Three-in-one" belongs in the family planning departments and has nothing to do with me," "by engaging in 'three-in-one,' the family planning department is farming other people's land and neglecting its own," and "places which are economically underdeveloped and have a shaky work foundation are not in a position to carry out 'three-in-one.'"

The documents demand that family planning departments overhaul their ideas, further their understanding, overcome their fear of difficulty, and change their method of operation, which is to tackle family planning simply as family planning. Since "three-in-one" is government behavior, it must rely on the unified leadership and coordination of the party committee and government in question. The duties and functions of the family planning department are to serve as an adviser and assistant to the party committee and government and furnish timely information and proposals; take the initiative to keep in contact and coordinate with the departments concerned and provide the latter with information about participating in "three-in-one;" study the new circumstances and new issues that appear in "three-in-one" work ceaselessly, review their lessons and experience, and help government do a good job in examination and evaluation.

All the documents demand that the relations between "three-in-one" and the "three priorities" be correctly understood and handled and emphasize the compatibility between their goals. Family planning work must subordinate itself to and serve economic development, which lies at the heart of everything. We must redouble our effort to bring about balanced population growth and socioeconomic development. Both "three-in-one" and the "three priorities" seek to achieve this goal, albeit from different angles. "Three priorities" proceeds from the internal management of family planning work and operates in accordance with its own laws. We must continue to pursue it firmly. In contrast, "three-in-one" proceeds from the broader socioeconomic environment outside family planning and is designed to find a new way to solve the population problem comprehensively by following the principles by which demographics, the economy, society, resources, and the environment interact with one another.

### **2. Through Government Behavior, Encourage All Departments Concerned To Actively Support and Participate in "Three-in-One" Work**

"Three-in-one" work is a piece of social systems engineering. The focus is to encourage, guide, and sup-

port families that practice family planning to become rich ahead of others. The linchpin of "three-in-one" work is the household that practices family planning. All the documents agree that since "three-in-one" involves many different government departments, unified leadership from the party committee and government is necessary to mobilize the departments concerned to participate in and support it, to work out preferential policies, to marshal the forces in all social quarters, and to take effective comprehensive measures.

The "three-in-one" documents propose to actualize government behavior mainly in these ways: 1) Integrate "three-in-one" work into the comprehensive social and economic development plans and implementation plans of the party committee and government and combine it with the construction of the "moderately well-off village" and "civilized village;" 2) set up a "three-in-one" leading group made up of leaders from the departments concerned, particularly those relating to agriculture, or, as an alternative, reorganize the original population and family planning leading group to be responsible for "three-in-one" work; 3) the party committee and government make decisions, plans and policy documents to launch "three-in-one" work, lay down the responsibilities of the departments concerned, and draw up plans to implement them; 4) convene pilot project working conferences, experience-exchange meetings and seminars that would make "three-in-one" work more widespread, and coordinating meetings that would increase participation by the various departments; and 5) establish an examination and evaluation system complete with rewards and punishments.

Documents issued by some provinces and municipalities with provincial-level economic decisionmaking authority, for instance, Jilin, Henan, Fujian, Hunan, Jiangxi, Sichuan, Shaanxi, Xiamen, and Chongqing, spell out explicitly the "three-in-one" responsibilities of every department involved. Zhejiang's "Responsibilities of Provincial-Level Departments Pertaining to New Family Planning Activities," for instance, stipulates the duties of 16 departments including the agricultural office, civil administration department, public health department, finance department, education commission, bureau of industry and commerce administration, family planning commission, science commission, science federation, women's federation, and the bureau of agriculture. Hebei's document lays down the responsibilities of 10 departments. Jiangxi plans to issue a circular that would detail what 11 agriculture-related departments should do to aid "three-in-one" work. The 11 departments are those that handle family planning, agriculture, forestry, hydropower, township and town enterprises, farm machinery, construction of old liberated

areas, civil administration, and public health, as well as the Bank of Agriculture and the science commission. To encourage participation by all departments concerned, the Jilin Family Planning Commission leading group has signed a responsibility statement with their top leaders pledging to evaluate the departments' participation in "three-in-one" and their effort in tackling the population issue comprehensively. The key to getting "three-in-one" up and running is making the funds for enrichment projects actually available. All the documents agree that "three-in-one" work will do nothing to change the constituency and funding recipients of agriculture-related departments, which is the countryside and its people. "Three-in-one" does not alter the nature of the funds to be spent by these departments. What is different is that "three-in-one" seeks to give support to rural families that practice birth control on a priority basis. For this reason, it is entirely feasible to allocate what limited funds there are to finance "three-in-one" work on a priority basis.

### 3. Set Clear Goals, Carry Out Pilot Projects Enthusiastically, Establish a Model, and Popularize "Three-in-One" Work

In the process of launching "three-in-one" work in light of the local reality, the various jurisdictions have come up with the following suggestions: 1) A pilot project must work out a feasible practical plan that is systematic and cohesive in contents, has well-defined goals, emphasizes the priorities, and contains detailed measures and standardized procedures. 2) Leadership over experimental work must be intensified and experimental units must be properly chosen. In selecting experimental units, we must be careful to pick those places whose grass roots cadres have a basic understanding of "three-in-one" work and which have a fairly strong awareness of the commodity economy and the market as well as an intensive desire to get rich. Be sure there is some diversity in these places. 3) Take pains to publicize "three-in-one" successfully. Choose service providers and projects that would make the families rich carefully. 4) Be on the lookout for models and nurture them. Review experience and disseminate it expeditiously. The various jurisdictions have also devised many detailed measures in the process of experimenting with "three-in-one." Among the most important are the following: 1) Introduce "three-in-one" in stages. Qinghai Province, for instance, has proposed phasing in its "have fewer children, become rich quickly" program in three stages. The first stage is the experimental stage. To begin with, a thorough investigation is carried out to identify those townships and villages which are more mature all around and make them the experimental units. Their experience is reviewed and replicated even as the

experiment is still in progress. During the second stage, "three-in-one" gradually comes to some townships and towns based on the demand of adapting guidance to fit the different categories. During the third stage, an all-out effort would be made to have "three-in-one" work in all counties within three years. Anhui Province has drawn up a detailed plan under which "experimentation would take up the first year; popularization, the second; and adoption by more than half the province, by the third." By the fourth year, "three-in-one" is set to be basically in place in all Anhui. 2) Set clear and specific short-term work goals within the framework of the overall plan. Henan, for example, has decided that 17 municipalities (prefectures) must each select two to three townships and towns and 118 counties (municipalities) must each pick two to three administrative villages as experimental units this year and next besides continuing to make provincial-level pilot projects a success and even expanding them. Level One municipalities and counties with a strong family planning foundation may expand the scale of their pilot projects or introduce "three-in-one" across the board. Ningxia Autonomous Region has decided that in 1995 it must tackle two points properly (with the mountain region and the plains each tackling one point), convene two successful conferences (namely the mountain regional conference to examine ways of putting work on a solid footing in that region and the plains regional conference to explore ways of reconciling "three-in-one" with the "three priorities" and elevate work to a higher level), and work hard to produce a document that would launch "three-in-one" throughout the region vigorously. Implementing "three-in-one" gradually, Jilin Province made 1994 the year of "three-in-one" in-depth development and 1995 the year of "three-in-one" pay-off. 3) Specific demands have also been made of "three-in-one" work. Sichuan Province, for example, has determined that "three-in-one" work must "reach the household in five ways," that is, the aid plan, responsibility, funding project, technical training and guidance, and routine services and results evaluation.

### 4. Suit Measures to Local Conditions, Adapt Guidance To Fit the Different Categories, and Work Autonomously To Develop Forms of "Three-in-One" Work Consistent With Local Characteristics

In China, the level of socioeconomic development, family planning standards, resources, and the environment all vary from place to place. Accordingly, the specific forms of "three-in-one" work must be determined based on local conditions: its level of socioeconomic development, state of family planning, resources, and the environment. Don't try to impose a model across the board. Judging from the various documents issued, the provinces have devised a host of highly original

work models by marrying local reality with the philosophy behind "three-in-one." Relying on their highly developed township and town enterprises as well as collective enterprises, Dalian, Qingdao, Shanghai, and southern Jiangsu have developed a "three-in-one" work model characterized by good prenatal health care and services. They are able to offer generous rewards and preferential treatment to families on birth control that would give the children a good education. This is in line with the local population's higher standard of living and more exacting demands for health care. Coastal areas including Guangdong have made special treatment and better services for families that practice family planning part of the shareholding system in the rural collective economy. Zhejiang, Hunan, and other provinces boast programs like "new family planning" and "three-three golden bridge" with their distinctive local characteristics. Places like Liaoning have gone about launching "three-in-one" activities by improving grass roots services and establishing "production, daily living, and reproduction" central households. Economically underdeveloped places have launched programs like the "have-fewer-children-get-rich-faster-and-achieve-a-comfortably-well-off-standard-of-living" program and the "greening-and-providing-for-one's-old-age" program and established family planning association greening and bases for the elderly. Sichuan, Hubei, and Anhui have merged their poverty relief programs with family planning, calling on people to "have fewer children and plant more trees." In Shaanxi, family planning goes hand in hand with community development.

The implementation of "three-in-one" everywhere abides by the principle of adapting guidance to fit the different categories. Places like Jilin, Sichuan, Hunan, Henan, Jiangxi, and Chongqing are providing individualized guidance to these main categories:

1) Criterion: the standard of the management of family planning work. In areas where family planning work has a high management standard, "three-in-one" must be launched and implemented across the board. These areas must work hard to broaden the scope of their services, improve their work methods, and provide better services. In areas where family planning work has a firm basis, pilot projects of different types must be properly executed and the adoption of "three-in-one" must be speeded up. In areas where family planning work rests on a shaky foundation, the policy of "three priorities" must be pursued aggressively, family planning capital construction must be intensified, the various management systems must be strictly enforced, and the four missions must be accomplished. All of that must proceed in conjunction with "three-in-one" pilot projects.

2) Criterion: the level of economic development. A jurisdiction may be an economically developed area, a moderately developed area, or an underdeveloped (poor) area. An alternative classification scheme may consist of suburbs, plains, and areas with developed township and town enterprises; rural hilly areas; and impoverished mountain areas. Economically developed areas are expected to improve reproductive care and other services relating to daily living in conjunction with community development and social security development. In moderately developed areas, families that practice family planning must be given help to become rich and achieve a comfortable standard of living through hard work. The choice of the right occupation is important. Those who are suited to be workers should be allowed to do so. The same goes for those for whom agriculture, business, farming, or animal husbandry is the right occupation. Impoverished areas must integrate family planning with aid for the poor and development work and help families that practice birth control escape poverty and become rich sooner.

3) Families that practice family planning may be divided into impoverished households, adequately fed and clothed households, affluent households, and comfortably well-off households, and be given different kinds of assistance and services. Implement "three-in-one" based on the masses' habits and receptiveness. Respect their choices and innovations.

The party's grass roots organizations and autonomous mass organizations are a link between the party and government, on the one hand, and the peasant families, on the other. They too are grass roots "three-in-one" work organizers and play a key role in such work. The party is currently in the midst of overhauling its grass roots organizations, a point that has not escaped the attention of the various documents issued. They all emphasize the importance of grasping this favorable opportunity to firm up the foundation and establish a sound family planning network. Hebei, for instance, stresses that family planning "three-in-one" is a novelty whose center is the grass roots. First and foremost, therefore, we must build up the party branches and village committees into powerful collectives capable of fulfilling the role of grass roots party organizations as a fighting force and setting an example for the rank-and-file cadres and party members. These measures will provide a reliable organizational guarantee for "three-in-one" work.

**5. Improve the Systems and Tighten Examination and Evaluation To Ensure That "Three-in-One"**

### Work Would Continue Smoothly in an In-Depth and Sustained Manner

Horizontally "three-in-one" work straddles the family planning department and other related departments. Vertically it penetrates all levels, from the government to the grass roots to the peasants. All areas are involved, from production to daily living to reproduction. To enable "three-in-one" work to get under way successfully and continue for a long period of time, we must establish a variety of systems to standardize its management. To mobilize the enthusiasm of all quarters so that they will fulfill their respective responsibilities and make "three-in-one" work a success, we must make examination and evaluation more rigorous, for which provisions have been made by places like Jilin, Sichuan, Qinghai, Hunan, and Chongqing. Qinghai, for instance, calls for the perfection of three systems, namely the departmental separation of services system; fund management system; and the supervision, examination, evaluation, rewards, and punishment system, and the formulation of the "articles of association for a cooperative that promotes having fewer children, becoming rich, and achieving a comfortable standard of living sooner." Hunan Province has put forward a "have fewer children, get rich more quickly" management by objective responsibility system. Under that system, assessment is closely tied to goal-setting, organizational development, and institutional development, family planning objectives coincide with the objective of helping peasants become rich, horizontal management by objective goes hand in hand with vertical management by objective. There is a check-and-acceptance at year end when rewards and punishments are handed out.

As for how examination and assessment is to be conducted and by whom, the various documents include different provisions. In provinces like Sichuan, the thinking is that although "three-in-one" work benefits the work of all departments, its immediate goal is to promote the work of the family planning department, so examination and evaluation should be carried out by the family planning department, which is, after all, also the organizing and coordinating agency. Shanxi and Chongqing believe that "three-in-one" work is government behavior, so examination and evaluation should be organized by the government; it is not for the family planning department to evaluate the performance of other departments. The most common practice is to have the "three-in-one" work coordinating and leading group organize examination and evaluation. In some provinces, the government takes care of the examination and evaluation with assistance from the family planning department. Another arrangement is to have the leaders of the family planning department and other agriculture-related departments or-

ganize examination and evaluation. It has yet to be determined through practice which of these practices does more to coordinate and advance everybody's work.

### 6. Formulate Preferential Policies To Guide and Assist Families That Practice Family Planning To Become Rich First

These policies can be divided into three broad groups: reward, support, and preference. Each group of policies has its own special emphasis but is also closely related to the other two, so they overlap to some extent. They are explained in detail below:

1) Reward. Reward policies stipulate that any family that practices family planning will receive a certain reward. Specifically there are rewards for a couple who have postponed marriage and parenthood, rewards for parents who have only one child, and rewards for parents who give up the two-child quota. Some localities in Hainan Province offer old-age insurance to a Han couple who underwent a tubal ligation or vasectomy after giving birth to two girls, or, in the case of a Li couple, after giving birth to three girls, and reward them with a living subsidy, 100 yuan for a Han couple and 200 yuan for a Li couple. When a couple obtains a one-child parent certificate, their child can go to school for free all the way until he or she graduates from college. The couple will receive a five-yuan subsidy each month until the child turns 14. All health care expenses will be written off. Economically developed areas like Guangdong, Fujian, Dalian, and Qingdao have come up with their own innovative forms of reward. For instance, it has been written into the regulations setting up the shareholding system in the rural collective economy that a set of parents who have only one child all their lives shall own two kinds of shares. In the case of two parents who have strictly two daughters and the latter's husbands move into the couple's house after marriage, both husband and wife and the children born under the plan shall be shareholders. Children born in accordance with the plan also enjoy free health care, free child care, and free education. Couples who take family planning measures of their own volition are given a one-time economic reward or have their dividends increased when it comes time to issue dividends.

2) Support. Support policies essentially mobilize and organize government departments, economic entities, and affluent households to give tangible aid and support in areas such as funding, projects, technology, and sales to families that practice birth control. Such aid and support can take any one of these forms: 1) an affluent household and others with an aptitude for making money in the village may help an impoverished family that practices birth control, one family helping another to become

rich together; 2) economic entities like factories, mines, and companies assist family planning households find a way to become rich and improve the latter's family finances; 3) a government department may also offer aid and support. Under Sichuan's "leaving no stone unturned" program, the local government and agriculture-related departments, depending on their responsibilities, missions, and constituency, give concrete assistance to a specified number of families that practice family planning; 4) departments like poverty relief, agriculture, and civil administration set up special funds to help the families that practice birth control. Another source of funding is the department that makes agricultural loans. Yet another possibility is to raise funds through a variety of channels to set up a have-fewer-children-get-rich-faster fund; 5) use international cooperation projects to support "three-in-one" work. Take Yunnan, for instance. To qualify for aid under an international cooperation project, the leaders from the locality's party committee or local government must make family planning a priority, do a good job in family planning, and have launched or are willing to launch "three-in-one" activities. What characterizes support policies is that they directly help the families on birth control develop production and raise family incomes. These policies produce good results quickly and are an effective way to enhance those families' capacity for self-development.

3) Priority and preference. Priority- and preference-based policies favor the family on birth control in production, daily living, and reproduction. There is one prerequisite, namely that the family has been engaged or plans to engage in an activity. Priority and preference is the most essential component of a policy that favors one particular group. Judging from the documents issued by the various localities, priorities and preferences range far and wide, covering a dozen or more areas, including agriculture (farm machinery, township and town enterprises, animal husbandry, aquaculture, and land reclamation), forestry, irrigation, poverty relief, electricity, science and technology, finance, taxation, public health, civil administration, labor, industry and commerce, finance, land, and family planning. Priorities and preferences mainly materialize in projects, funding (including loans), goods and materials, information, technology, training, health care insurance, employment, education, child care, labor exportation, tax and tuition reductions, housing allocation, bases for housing resettlement, and so on. Preferences and priorities may target families that practice birth control, children with no sibling, children born in accordance with the plan, and family planning associations. They may also be intended for unmarried young people willing to practice family planning. In terms of content, priority- and preference-based policies can be divided into three groups: 1) Policies that confer

a benefit or a certain social status on a person on a priority basis, such as being admitted to a child-care center or school, obtaining a job in a township and town enterprise, permission to go into business or set up a private enterprise or some other economic entity, being picked to go overseas to work as part of a labor cooperation project. 2) Policies that give a person priority in obtaining material assistance in his production or business activities. For instance, a family-planning family may be given preferential access to information, technology, goods and materials, funds (including loans), projects, and tax breaks in the course of production or doing business. 3) Policies that enable a person to receive an education, training, health care, allocated housing, and other things that would further his personal growth and family development.

Priority- and preference-based policies offer the following, arranged by agriculture or sector:

**Agriculture:** Help families on birth control adjust the mix of crops, transform low- and medium-yield land, and develop the "two-high-and-one excellent" agriculture; improve varieties, disseminate advanced planting and aquatic technology, and successfully prevent diseases affecting livestock; help improve livestock and poultry breeds and develop the aquatic industry; and bid for contracts. Township and town enterprises may provide projects and information to nurture the development of the private economy, offering assistance in product development and quality improvement and absorbing manpower from birth control families. Farm machinery departments may provide modern farm machines and tools, training the family members in operating them, and offer other farm-machinery-related technical services to help the families become peasant households that own farming machinery.

**Forestry:** Help households that practice family planning plant fast-growing high-yield trees and economic forests. Supply them with seeds and teach them planting technology. Develop forestry byproducts. Develop the green industry and give them jobs in afforestation and a range of timber-related activities.

**Aid for the poor:** Offer families practicing family planning aid-for-the-poor loans. Select projects intended to assist the poor to help them escape poverty and become rich.

**Irrigation works and electric power:** Provide families practicing birth control with hydropower services; help build light irrigation works; help provide drinking water for humans and livestock; contribute to soil and water conservation.

**Industry and commerce:** Simplify the procedures a family on birth control must go through before it can set up an economic entity. Reduce the administrative fees collected from impoverished households practicing family planning. Supply chemical fertilizers, pesticides, plastic membrane, and other agriculture-related materials, procure agricultural byproducts, and provide them with market information on a priority basis.

**Finance and industry:** Make credit available to families practicing birth control so that they can expand their production. Actively help them set up enterprises and launch a variety of activities that pay off quickly. Develop rural old-age insurance and family planning insurance.

**Science and technology:** Provide families on birth control with information and technical training that will help them become rich. Involve them in the research and development of new products and new technology.

**Public health:** As part of elementary rural sanitation, help the families switch to indoor plumbing. Provide them with high-quality sanitation and public health services. Publicize scientific knowledge relating to healthy pregnancy and good child-rearing and provide related consulting and technical services.

**Public finance:** Allocate as much funds to finance "three-in-one" work as possible.

**Civil administration:** Combine aid for the poor and social relief with family planning. Distribute relief supplies, including cash, among families on birth control and have them covered under old-age insurance. Teach the masses to have fewer but more healthy children as a way of escaping poverty and achieving wealth.

**Labor:** Give special consideration to these families when it comes to job allocation, vocational training, and the organization of labor exportation.

**Education:** Enroll children from families practicing birth control in kindergarten and school. Allow them to pay tuition and other miscellaneous expenses at reduced rates as appropriate.

**Taxation:** Give tax breaks, such as tax cuts and tax waivers, to businesses and other economic entities owned by families practicing birth control where justified.

**Land:** Have families on birth control settle in housing bases. Make land available for "three-in-one" work.

**Family planning:** Provide families practicing family planning with a comprehensive range of services to promote good prenatal care, good child-rearing, and education. Disseminate scientific knowledge pertaining

to childbirth, daily living, and production as well as information on how to become rich.

These priority- and preference-based measures put the families practicing birth control in a stronger position to increase output, boost their household incomes, and enhance their ability to compete on the market. They contribute to their drive to escape poverty and better the quality of family life.

**Appendix:** Policy documents on "three-in-one" work issued by the various localities in 1994 and from January through September 1995.

**Place:** Heilongjiang. Issuing body: office (transmitted). Title: "Report on Opinions On Implementing the 'Have Fewer Children, Become Rich Faster' Program in Depth in Rural Areas Province-Wide." (1 June 1994)

**Jilin.** Jilin CPC committee and provincial government; "Decision on Furthering 'Three-in-One' Family Planning Activities in Rural Areas Province-Wide." (2 June 1994)

**Sichuan.** Sichuan CPC committee and provincial government; "Decision on Launching 'Three-in-One' Family Planning Work Across the Board in the Countryside." (6 October 1994)

**Zhejiang.** office (transmitted); "Circular on Launching New Family Planning Activities Province-Wide." (25 May 1995)

**Hebei.** office (transmitted); "Opinions on Launching 'Three-in-One' Family Planning Activities in Rural Areas Province-Wide." (18 June 1995)

**Hunan.** Hunan CPC committee and provincial government; "Circular on Launching 'Have Fewer Children, Become Rich More Quickly, and Achieve a Comfortable Standard of Living' Activities and Implementing '3-3 Golden Bridge' Program in Depth." (20 June 1995)

**Jiangxi.** provincial CPC committee and provincial government; "Decision on Launching 'Three-in-One' Family Planning Work Vigorously Province-Wide." (24 July 1995)

**Shaanxi.** provincial government; "Circular on Launching 'Three-in-One' Family Planning Work Across the Board in the Countryside." (3 August 1995)

**Henan.** provincial CPC committee and provincial government; "Decision on Launching 'Three-in-One' Family Planning Work in Rural Areas Province-Wide." (17 August 1995)

**Shanxi.** provincial CPC committee and provincial government; "Decision on Launching 'Three-in-One'

Family Planning Work in Depth Province-Wide." (12 September 1995)

Inner Mongolia, office (transmitted); "Circular on Earnestly Doing a Good Job in 'Three-in-One' Family Planning in Villages and Pastoral Areas." (25 September 1995)

Sichuan, eight agriculture-related departments; "Circular on Launching Activities Across the Board in the Countryside to Help Family Planning Households Become Rich First."

Jiangxi, family planning commission; "Jiangxi Province 'Three-in-One' Family Planning Pilot Project Plan."

Shanxi, family planning commission; "Work Plan for Fully Implementing 'Three Priorities' Program and Launching 'Three-in-One' Work."

Shanxi, family planning commission; Shanxi "Three Priorities" Pilot Project Plan.

Anhui, family planning commission; "A Plan for Implementing the 'Have Fewer Children, Get Rich Faster, and Achieve a Comfortable Standard of Living' Program."

Qinghai, family planning commission; "Qinghai Implementation Plan for the 'Have Fewer Children, Become Rich Faster, and Achieve a Comfortable Standard of Living' Program."

Qinghai, family planning commission; "Rules for the 'Have Fewer Children and Become Rich Faster' Cooperative."

Shaanxi, family planning commission; "A Plan for Pilot Projects To Establish a Family Planning Interest Mechanism and Implement the 'Have Fewer Children, Get Rich Faster' Program."

Ningxia, family planning commission; Detailed Plan for Carrying Out "Three-in-One" Work.

Guangxi, family planning commission; "Implementation Plan for Launching 'Three-in-One' Family Planning Activities in Demonstration Counties."

Chongqing, municipal CPC committee and municipal government; "Circular on Launching Activities Municipality-Wide To Enable One Million Family Planning Families To Become Rich and Achieve a Comfortable Standard of Living."

Ningbo, municipal CPC committee and municipal government; "Circular on Launching New Family Planning Activities."

Dalian, municipal CPC committee and municipal government; "Implementation Plan for the 1996-2000 'Having Fewer Children and Becoming Rich Faster' Program."

Qingdao, municipal CPC committee and municipal government; "Opinions on Launching 'Three-in-One' Family Planning Work in Earnest."

The following documents have been drawn up:

Fujian, provincial CPC committee and provincial government; "Decision on Launching 'Three-in-One' Family Planning Activities."

Hebei, provincial CPC committee and provincial government; "Decision on Launching 'Three-in-One' Family Planning Activities in Rural Areas Province-Wide."

Ningxia, regional CPC committee and regional government; "Decision on Vigorously Pushing Ahead with 'Three-in-One' in the Region."

Beijing, population and family planning leading group; circular on advancing "urban-and-rural-areas-hand-in-hand" activities.

Note: The word "office" in the appendix refers to the office of the provincial (regional) CPC committee or provincial (regional) government.

(Responsible editor: Song Yan [1345 0917], Shen Ming [3088 6802]) (Manuscript received: October 1995)

PRC: Table of Contents for QIUSHI No 6

HK2203102596 Beijing RENMIN RIBAO in Chinese  
19 Mar 96 p 3

[Table of Contents of QIUSHI No 6, 16 Mar 96]

[PTS Translated Text for FBIS]

Article by Dai Xianglong: "Correctly Understand and Conscientiously Implement a Reasonably Tight Monetary Policy"

Article by Li Zhefu and Wang Xingsheng: "Open Up a Fountain of Happiness for the People — Philosophy of Life of the Communists as Viewed from Li Guoan's Deeds"

Article by Yu Quanyu: "On Politicians Running Newspapers"

Article by Zhou Guangchun: "The Issue of National Industry and Domestic Market Amid Opening Up"

Article by Han Shuying: "Philosophy Must Face the Masses and Reality — Commemorating the 30th Anniversary of the Death of Comrade Ai Siqu"

Article by Zhong Chengxiang: "Thoughts on Bringing About Flourishing Creation of TV Plays in China — Concurrent Comment on Works Winning the 15th 'Feitian' Awards"

Article by Li Shumin and Duan Youzhi: "Increase Efficiency Through Strengthening Management"

Article by Xu Qingmin and Zhang Chengxiang: "Analysis of Income Gaps Among Certain Members of Society"

Article by Qi Yu: "Draw a Clear Line of Demarcation on Key Issues of Principle"

Article by Gong Shutuo and Wu Xiaoma: "Is Revolution a Derogatory or Laudatory Term? — Starting the Discussion From an Assessment of the 1911 Revolution"

Article by Zhong Si: "Profoundly Carry Out Studies of Anti-Corruption Theories — Roundup of Symposium on Anti-Corruption Theory"

Article by Zhang Jiong: "A Valuable New Exploration — Comment on Zhou Gang's 'East Africa, Half Moon and Half Sun'"

Article by Li Boye: "Clarify the Orientation and Boost Confidence"

### Military & Public Security

**PRC: AFP Told PRC Drills in Taiwan Strait 'Scaled Back'**

*OW2203075196 Hong Kong AFP in English  
0651 GMT 22 Mar 96*

[FBIS Transcribed Text] Beijing, March 22 (AFP) — Chinese military manoeuvres in the northern Taiwan Strait seemed to have been scaled back further on Friday for the third day running, local officials and residents on the island of Haitan told AFP.

"There is no visible military activity and we have not heard any gunfire," an official in the small town of Liushui, on the northern part of Haitan, said.

"Life is going on as normal — top officials have gone out to the countryside to talk about family planning."

The air-sea-land force drills got underway Tuesday, delayed by 24 hours because of bad weather. The exercises, the third in a series launched March 8, are scheduled to run until Monday — two days after Taiwan's first fully democratic presidential elections.

The manoeuvres are aimed at intimidating Taiwanese citizens and, in particular, scaring President Li Teng-hui into giving up all hopes of independence from China after his expected re-election.

Beijing, which sees Taiwan as a renegade province, has accused Li of waging a covert separatist campaign.

A bank employee in Liushui said there had been no sign of any particular activity since Tuesday, adding that the weather was still cloudy.

"The only day we saw planes and heard artillery fire and gunfire was on Tuesday," he said.

"Everything is normal, the fishermen are going out to sea as usual. We have not seen any military activity since Tuesday," a resident on the islet of Dongxiang, in the north of Haitan, said. "I have heard that there were exercises near other villages."

In the south of the island, the situation was apparently identical.

"The weather is not good, it has been raining on and off, and everything is quiet," said a resident at Dong Ao village.

Another resident of this village said however that "a few shots" had been heard.

Analysts said that the low profile of the People's Liberation Army (PLA) — confirmed by the Taiwanese Defence Ministry, which says it has detected very few warplane and naval movements — raised questions about the quality of China's military hardware.

"They want to impress the world with this show of strength, but as soon as there is a drop of rain, they can't get their aircraft out of the hangar," said one diplomat.

Other analysts caution, however, that the armed forces may be focusing on land exercises, which are less audible and visible, and suggest the PLA may try carrying out bigger air-sea manoeuvres on election day if the weather improves.

**PRC: Military Observer Analyzes PLA Exercises**

*HK2203052896 Hong Kong WEN WEI PO in Chinese  
22 Mar 96 p A1*

[Dispatch by staff reporter Tseng Shu-wan (2582 2579 8001): "Beijing Military Observer Analyzes Joint Naval-Air Exercise; China Has Completed Operational Plan, Including Counterattacking Intervention of Foreign Troops"]

[PTS Translated Text for FBIS] Beijing, 21 Mar (WEN WEI PO)— While analyzing the People's Liberation Army's (PLA) naval-air exercises conducted in the East and South China Seas, a military observer here said that the PLA has completed a number of operational plans, which include retaliating at the intervention of foreign forces. Viewed from the scene of the exercises, even if foreign forces get involved, the PLA is capable of bringing the Taiwan Strait under control.

The PLA's joint naval-air exercises, which started on 12 March and ended on 20 March, were conducted in the waters from the southern part of Fujian to Guangdong's Shanton, covering an area of over 17,000 square km. The military observer said that the exercises covered a large area and lasted a long time. The themes of the exercises included establishing a marine military channel, blockading key points, and coordinating landings. While conducting these drills, the question of retaliating at any intervention by foreign forces was also taken into account. All this was fully manifested in the exercises.

The military observer stated that the large amounts of various types of weapons used by the Navy and Air Force in the exercises were unprecedented. Besides the fighters, attack planes, bombers, Su-127 electronic interference aircraft, and reconnaissance aircraft dispatched by the Air Force, there were also ground-to-air missile and antiaircraft artillery troops. The Navy dispatched missile destroyers, missile corvettes, nuclear submarines, submarines, electronic reconnaissance ships, and airborne troops. Almost all types of equipment of the Navy and Air Force were used in the exercises. There must be an objective for applying such a powerful task force, namely, proceeding from the worst and preparing to fight a fierce war.

The military observer noted the tactics applied in the naval-air exercises. He explained that one can easily discover that the PLA has implemented the operational principle of using high-tech, concentrated superior forces and massed fire to swiftly crush the enemy.

Besides the naval and air force units dispatched in the marine operations in China's offshore waters, he reminded listeners, the support of military ground forces can enormously enhance combat-effectiveness in a sea battle.

**FRC: Over 60 Police Officers Fired Following Li Peiyao Murder**

*HK2203062196 Hong Kong HONGKONG  
STANDARD in English 22 Mar 96 p 6*

**(By Wu Zhong)**

[PTS Transcribed Text for FBIS] An internal investigation into the 2 February murder of former vice-chairman of China's Parliament Li Peiyao has led to the sacking of more than 60 police officers.

Besides the murderer, Zhang Jiulong, another People's Armed Police (PAP) officer and some low-ranking officers have also been arrested.

They will be sentenced by a military court, Chinese sources said.

The rampant dereliction of duty among PAP security officials guarding leaders has shocked the central leadership.

Almost all chief officers at all levels in the unit the murderer belonged to have been sacked.

Sources said Li, son of a former Kuomintang general, was wealthy and had donated millions of yuan to charity.

Zhang, the PAP guard who was envious of Li's wealth and familiar with the house, had long planned the robbery.

Sources said that early on 2 February, Zhang sneaked into the former vice-chairman's house with the intent to steal, but was discovered by Li.

Li recognised Zhang as the PAP guard who watched over his house and let him go when he confessed.

But Zhang returned later and took hold of a knife Li had grabbed to protect himself. Zhang then stabbed Li several times. Li's screams were heard by a neighbour.

But another guard who was on duty outside the house failed to hear anything because he was listening to a walkman, sources said.

Authorities initially believed Li was the victim of a foiled robbery.

But later when officials heard reports of dereliction of duty among the guards they were outraged and ordered a thorough investigation.

During inspection visits to Guangdong last year President Jiang Zemin received several complaints about dereliction of duty, abuse of power and unlawful activities by some PAP troops.

This led the central authorities to reshuffle the PAP leadership and appoint People's Liberation Army (PLA) officers to some important posts.

Some PLA security units have also been ordered to shift their duties by the Central Security Bureau which is responsible for the safety of senior party and government officials.

The PAP's former commander, Ba Zhongyan, has been sacked and now lives in retirement despite his close personal relations with Mr Jiang, sources said.

Mr Ba was replaced by a PLA general, Yang Guoping, son of former PLA Chief of General Staff Yang Chengwu.

Mr Li's post of chairman of the Revolutionary Committee of the Chinese Kuomintang, a left-wing organisation

which broke away from the party led by the late General Chiang Kai-shek in late 1940s, is expected to be killed after the sentence.

**PRC: China Commemorates Centenary of Marshal He Long**

*OW2103164196 Beijing XINHUA in English  
1531 GMT 21 Mar 96*

**(FBIS Transcribed Text) Beijing, March 21 (XINHUA)**  
— A meeting was held here today to commemorate the centenary of the birth of He Long, one of the founders of the Chinese People's Liberation Army (PLA).

The meeting was jointly held by the PLA's Headquarters of the General Staff and General Political Department and the State Physical Culture and Sports Commission.

Among the participants were Liu Huaqing, a member of the Standing Committee of the Political Bureau

of the Central Committee of the Communist Party of China (CPC) and vice-chairman of the Central Military Commission, State Councillor Li Tieying, and Central Military Commission Vice-Chairmen Zhang Zhen, Zhang Wannian and Chi Haotian.

Liu Huaqing recalled He Long's contributions to the building of the PLA, the national defense industry and sports.

He Long served as the minister in charge of the State Physical Culture and Sports Commission for 14 years, and made outstanding contributions to China's success in the development of atomic bombs, guided missiles and other sophisticated weapons when he served as the minister in charge of the National Defense Industry Commission.

The publication of four books about He Long was announced at the meeting.

**General**

**PRC: Vice Minister Details Railway Construction Plans**

*OW2203004096 Beijing ZHONGGUO XINWEN SHE in English 0436 GMT 21 Mar 96*

[FBIS Transcribed Text] Beijing, March 21 (CNS) — Railway construction that began in the past five-year plan will continue in the present Ninth Five Year Plan to help the economy grow at a rate of eight percent annually, said Gao Lin, Vice Minister of Railways.

Mr. Gao revealed that, during the current plan, about 10,000 kilometres of track would be laid. The Nanning-Kunming line would go into full operation. Lines will be built in northwestern as well as northeastern China. Supplementary projects for the East China network would be completed. Construction of a line in southern Xinjiang has begun.

By the year 2000, 70,000 kilometres of track will comprise the national rail network; this would grow to 90,000 by the year 2010.

The vice minister said that construction capital needed was estimated at RMB [renminbi] 300 billion (US\$36,058 billion). This would come from the specially designated railway construction fund, state loans and overseas.

As local authorities had spent generously on railway construction over the past five years, diversion of local funds into railway construction would be encouraged in future.

**PRC: Zhejiang Leads Nation in GDP**

*OW2203044996 Beijing XINHUA in English 0202 GMT 22 Mar 96*

[FBIS Transcribed Text] Hangzhou, March 22 (XINHUA) — East China's Zhejiang Province increased economic development by paying closer attention to economic efficiency during the past several years, according to local government sources.

Statistics show that last year, the province had a gross domestic product (GDP) of 345 billion yuan, putting it in the lead in the country.

More prominent success can be seen in farmers' income. In 1995, their per capita income reached 2,900 yuan, leading the country.

A local official attributed this to the local government's efforts to improve efficiency in developing the economy.

Since 1994, the local government has made detailed policies to support companies which show good returns,

and has encouraged large-scale groups and the development of name-brand products.

According to the provincial plan, by the end of the century, the province will have more than 200 products whose names are known in China.

To ensure the building of key projects, the local government adjusted the investment structure, strictly controlling the investment scale and the number of new projects.

In 1995, investment in fixed assets in the province reached 130 billion yuan, 39 times that of 1990.

The province also promoted the development of open areas, which now account for 44 percent of the province's total acreage.

**PRC: Increasing Demand for Telephones Detailed**

*OW2203101096 Beijing XINHUA in English 0736 GMT 22 Mar 96*

[FBIS Transcribed Text] Beijing, March 22 (XINHUA) — More than a third of families in urban China will have telephones by the end of the century.

And millions more will be walking around with mobile phones, and sending messages by fax machines, as a telecommunications revolution spreads.

Latest figures predict that there will be nine to 10 telephones for every 100 people in China, and as many as 30 to 40 for every 100 in urban areas, by the turn of this century, the "People's Post and Telecommunications Journal" reported.

It means that by then 130 million telephones, and switchboards with a handling capacity of 170 million lines, will be in use in China.

Almost 80 million telephones, and nearly 95 million new switchboard lines, will be added during the coming five years to boost telephone handling capacities.

It is estimated that the country's total demand for telephones this year will reach about 65 million, two million more mobile phones, nine million beepers and almost one million fax machines.

Handling capacities of telephone switchboards will be increased this year to add 20 million lines, with demand for long distance lines increasing by nearly seven million lines.

### Foreign Trade & Investment

#### PRC: Over 100,000 Pirated Items Confiscated in Yunnan

OW2203100896 Beijing XINHUA in English  
0857 GMT 22 Mar 96

[FBIS Transcribed Text] Kunming, March 22 (XINHUA) — More than 100,000 pirated discs and cassettes have been confiscated during a major clampdown in Southwest China's Yunnan Province.

The province introduced an intellectual property protection system and has scored successes in cracking down on copyright piracy, according to the provincial government.

An official of the Provincial Intellectual Property Right Office said that in the past year Yunnan's anti-piracy campaign was concentrated in the provincial capital of Kunming, and the Dali area.

The official said that law-enforcers confiscated and destroyed 100,000 pirated compact discs, video compact discs, laser discs, and audio-video cassette tapes in the two areas.

Meanwhile, 35 firms and individuals turning out pirated audio-video products were punished according to law, he added.

Special teams organized by the Provincial Copyright Bureau regularly inspect audio-video shops, bookstores and markets in Kunming, the official said.

To date, eleven patent agencies all over Yunnan have handled 5,971 applications for patents. Last year local courts handled 100 cases involving violations of patents, he said.

Also in 1995, administrations of industry and commerce at all levels handled 1,088 cases involving violations of trade marks, he said, adding that local enterprises have registered 3,600 trade marks so far.

#### PRC: Henkel Group To Raise Investment to \$450 Million

OW2203083296 Beijing XINHUA in English  
0732 GMT 22 Mar 96

[FBIS Transcribed Text] Beijing, March 22 (XINHUA) — Henkel Group, the world's leading oleochemicals manufacturer, would increase its investment in China and cooperate with China in the country's exports, infrastructure and the development of human resources.

Hans-Dietrich Winkhaus, President and Chief Executive Officer of Henkel Group, made the statement at a press conference here today.

According to Winkhaus, Henkel has invested 250 million U.S. dollars over the past four years in 11 joint ventures in China.

The president said that Henkel's investment in China would go up as much as 450 million U.S. dollars by the end of this century.

Winkhaus told the conference that he is full of confidence about the long-term and stable growth of China's economy and Henkel sees China as one of the key countries for its Asian development and is currently looking at other joint venture opportunities in the country.

#### PRC: Bogus Designer Clothing, Labels Seized in Shanghai

OW2203012096 Beijing ZHONGGUO XINWEN SHE in English 0519 GMT 21 Mar 96

[FBIS Transcribed Text] Shanghai, March 21 (CNS) — Officials from Shanghai's industrial & commercial departments have seized a batch of 5,000 bogus shirts bearing the Pierre Cardin label.

Acting on a tip-off that counterfeit garments would be traded, government officials raided a factory where they found a batch of 5,000 shirts and a bundle of labels.

The fake shirts was said to be ordered by three unemployed persons who also ordered 10,000 labels from a printing company. Subsequently, government officials raided the printing company in search of further evidence.

#### PRC: World Bank Approves Loan for Power Station

OW2203011696 Beijing XINHUA in English  
0041 GMT 22 Mar 96

[FBIS Transcribed Text] Zhengzhou, March 22 (XINHUA) — The World Bank has approved a loan of 440 million US dollars for a major construction project in China, the Qinbei Power Station, located in central China's Henan Province.

The power station, with easy access to China's largest coal production base of Shanxi, is one of the 14 thermal power stations with a generating capacity of over three million kw planned by the State.

The installed generating capacity of the power station is 3.6 million kw; in the first stage of construction two generating units with capacities of 600,000 kw each will be installed.

The total investment is estimated at 11.5 billion yuan.

**PRC: Japanese Firms Expanding Operations in China**

OW2203005396 Beijing ZHONGGUO XINWEN SHE  
in English 0436 GMT 21 Mar 96

[FBIS Transcribed Text] Beijing, March 21 (CNS) — An economic slump at home and fierce competition among large companies has forced Japanese firms, especially lesser sized concerns, to re-adjust their policy in 1996 and shifting their business overseas.

China, with a vast territory, promising market potential, improved investment environment and social stability, is viewed by Japanese businessmen as "a place in the sun" for their new overseas ventures. Plans are afoot for a substantial shift of domestic investment to China, with coastal cities like Shanghai, Qingdao and Dalian being especially popular locations.

C. Itoh & Co. Ltd. intends to invest in a number of steel, petrochemical and machinery projects in South China. It also hopes to expand steel exports to China and increase its re-export trade. In addition, the company plans to invest RMB [renminbi] 3 billion (about US\$ 361 million) in several polyvinyl chloride (PVC) resin plants in Maoming, Guangdong Province. Its trade value with China is expected to be 19 billion Japanese Yen this year.

Marubeni Corporation has re-adjusted its operations to include development of joint ventures in Zhuhai and Fujian; the new Hainan airport project in the form of a BOT (expansion unknown) franchise; a Hong Kong listing for a Shantou subsidiary; and mining projects in Hainan.

**\*PRC: Problems, Solutions in Foreign Trade Analyzed**

96CE0012A Beijing GUOJI MAOYI WENTI  
[INTERNATIONAL TRADE JOURNAL] in Chinese  
6 Sep 95 No 9, pp 7-11, 62

[Article by Wang Yueping (3769 1471 1627), affiliated with the State Planning Commission's Economics Research Institute: "Conflicts and Options Facing China's Overgrown Foreign Trade"]

**[FBIS Translated Text] I. The Rapid Growth of Our National Economy Needs Increased Exports To Achieve Leading Foreign Trade Growth**

Since reform, China's foreign trade growth has been leading our national economic growth, to become the key driving force in our economic growth for this period. In the 15 years from 1979 through 1993, exports accounted for 18.4 percent of our GDP growth, with our foreign trade dependency (gross imports and exports/GDP) up from 1978's 9.89 percent to 35.92 percent

by 1993, or 27.03 [as published] points. Meanwhile, as our production structure has changed and our technology has improved, China's export mix has begun to improve. 1) Since 1981, China's manufactured goods have replaced primary products as our dominant export force; 2) Since the mid- and late-1980s, the percentage of machinery and transport equipment in our gross exports, indicating the height of our industrial structure, has started to rise steadily, climbing rapidly from 1987's 4.4 percent to 16.7 percent by 1993.

Since the beginning of the 1990s, China's economic growth has been in a mid- and late-industrialization transition stage from heavy industrialization to high-tech manufacturing. The course of industrialization by all countries throughout the world shows that this is a high-growth stage, meaning that it will also be fully possible for China in the next 15 years to maintain our average growth rate for the reform period of 9 percent. Moreover, once we "regain our GATT membership," we not only will have to participate more actively in the international division of labor, but also will be forced to open up China's domestic market wider to the outside world. That means that we will have to not only bring our industrial structure into line with the principles of international competition and comparative advantage, but also keep our foreign trade, as our future economic growth engine, at the same or a slightly higher growth rate than during the last 15 years, to ensure the rapid growth of our whole economy.

**II. The Conflicts Facing Our Leading Export Growth**

From the late 1990s to the early 21st century, China will have certain favorable terms for faster export growth. As it is predicted that during the mid- and late-1990s, the world economy will maintain slow growth, with the developed nations and the Eastern European and Latin American countries recovering from their stagnation while the Asia Pacific region in which China is located is the focus of economic growth for the whole world, China will have a geographic advantage. With the historic agreement reached in the Uruguay Round of negotiations having revived the world's multilateral trade system as the cornerstone of world trade liberalization, trade protectionism will be curbed to a certain extent, creating a good international climate for stable world trade growth, as well as having a certain promotional impact on world economic growth. With all countries investing more in technological upgrading, high-tech industrialization being a world trend, and the developed nations continuing to increase their percentage of high-tech industry, the next 15 years will continue to be a time of adjusting and upgrading the

global industrial structure, which will provide greater competitive space for China to export more. On the other hand, with China in a rapid growth stage, the rise in our heavy industrial production scale and level will push our export scale and mix to new heights. And due to the East-West development gap, our traditional light textile exports will remain quite highly competitive. All of this will undoubtedly provide opportunities and terms for increased Chinese exports. But as China will be in a transition stage during the next 15 years from a developing country toward a more developed nation, with this stage meaning the conversion of our industrial structure from an internally-oriented and closed to an open type, and the comparative advantage and industrial structure of our production factors also undergoing corresponding change, our leading export growth will encounter the following conflicts.

#### **1. A Conflict Between Greater Foreign Trade Dependency and Less Competitiveness Abroad**

The postwar world's demand mix has changed steadily, with demand declining for primary products such as food, raw materials, and fuels but rising for manufactured goods, mostly electronics, electrical, machinery, and transport equipment. So a country's economic competitiveness abroad means mainly its foreign trade standing in industries such as electronics, machinery, and transport equipment with high technology content, added value, and productivity. China's foreign trade dependency is higher than the \$560-\$1,120 stage in the great nation average model of economists such as H. Chenery and Y. Kubu, as well as higher than Japan's from 1955 to 1972. And China's production structure has a heavy industrialization rate of 52.8 percent, with manufacturing also accounting for around 36 percent of our national economy, higher than that not only of ordinary developing countries, but also of moderately developed nations. But machinery and transport equipment with higher productivity and demand elasticity that show competitiveness overseas make up only 15.6 per-

cent of our export mix, and still no more than about 27 percent when added to our heavy manufactured goods of chemical and metallurgical products, far lower than the 34.1 percent for the \$560-\$1,120 stage of the average for the great nation model, and even more sharply lower than Japan's 60.4 percent from 1955 to 1972.

Table 1 shows the overseas competitiveness coefficients for various Chinese industries. If exports exceed imports, the overseas competitiveness coefficient is positive, showing that that Chinese industry has a certain amount of overseas competitiveness. But conversely, if imports exceed exports, the overseas competitiveness coefficient is negative, essentially showing that that Chinese industry lacks overseas competitiveness. To eliminate the impact of economic growth volatility, we used the first-half average for 1990 and 1994 as our criteria. The Chinese industries with sharp overseas competitiveness (a competitiveness coefficient greater than 0.5) include clothing, tourist articles and handbags, coal, footwear, furniture, beverages and tobacco, mobile housing, inorganic chemicals, and food. Those with quite good competitiveness (a competitiveness coefficient of 0-0.5) include drugs, nonmetallic mineral goods, metal goods, rubber goods, timepieces, textiles, and primary plastics. Those with quite poor competitiveness (a competitiveness coefficient of minus 0.5-0) include telecommunications and audio-recording equipment, electrical power equipment, electric components, cork goods, organic chemicals, and other chemical goods. And those with very poor competitiveness (a competitiveness coefficient below -0.5) include special industrial equipment, metalworking machinery, power machinery and equipment, universal machinery, motor vehicles; specialized, scientific, and control instruments and meters; nonprimary plastics, and iron and steel. This shows that nearly all Chinese goods that are highly or quite competitive are resource- and labor-intensive ones, while our technology-intensive and high-tech manufactured goods are very uncompetitive.

Table 1. The Overseas Competitiveness Coefficients of Various Chinese Industries

	1990, 1994 Average	First Half of 1994		1990, 1994 Average	First Half of 1994
Food and Live Animals	0.45	0.56	Textiles, Manufactured Goods, Etc.	0.29	0.13
Beverages and Tobacco	0.99	0.82	Nonmetallic Mineral Goods	0.43	0.38
Beverages	0.74	0.75	Iron and Steel	-0.58	-0.77
Tobacco and Its Products	0.50	0.86	Nonferrous Metals	-0.05	-0.11
Inedible Raw Materials	-0.14	-0.21	Metal Goods	0.41	0.37
Coal, Coke, and Bitumin	0.87	0.93	Machinery and Transport Equipment	-0.49	-0.47
Oil, Petroleum Products, etc.	0.20	-0.22	Power Machinery and Equipment	-0.66	-0.59
Plant and Animal Oil and Wax	-0.58	-0.43	Special Industrial Equipment	-0.86	-0.90
Finished Chemical Products and Related Goods	-0.31	-0.33	Metalworking Machinery	-0.66	-0.83
Organic Chemicals	-0.12	-0.18	Universal Mechanical Equipment and Parts	-0.53	-0.52
Inorganic Chemicals	0.59	0.58	Office Machinery and Automated Equipment	-0.15	0.09
Dyeing and Tanning Material, etc.	0.01	-0.18	Telecommunications and Audio-Recording Equipment	-0.06	-0.09
Drugs	0.32	0.42	Electrical Power Equipment and Electric Components	-0.22	-0.19
Refined Oil, Petroleum, etc.	0.37	0.16	Land Vehicles	-0.49	-0.52
Manufactured Fertilizer	-0.95	-0.92	Other Transport Equipment	-0.75	-0.76
Primary Plastics	0.04	-0.91	Sundry Goods	0.74	0.76
Nonprimary Plastics	-0.68	-0.66	Mobile Housing	0.49	0.61
Other Chemical Raw Materials and Products	-0.30	-0.27	Furniture and Parts	0.75	0.87
Manufactured Goods by Raw Material Category	0.02	-0.14	Tourist Articles and Handbags	0.96	0.95

	1990, 1994 Average	First Half of 1994		1990, 1994 Average	First Half of 1994
Leather, Manufactured Goods, etc.	-0.50	-0.66	Clothing and Accessories	0.99	1.00
Rubber Goods	0.43	0.26	Footwear	0.94	0.90
Cut and Wood Products	-0.30	-0.25	Specialized, Scientific, and Control Instruments and Meters	-0.56	-0.51
Paper, Cardboard, and Products	-0.50	-0.57	Film, Optics, and Timepieces	0.21	0.20
			Sundry Manufactured Goods	0.61	0.67

Data sources: China "Foreign Economic Relations and Trade Data Yearbook" (1991), and "Customs Data," June 1994

The Overseas Competitiveness Coefficient = (Exports - Imports) / Foreign Trade, with the 1994 figures being for the first half.

**2. While the Goods for Which We Have a Comparative Advantage Have a Huge Production Capacity, They Have Little Demand Elasticity and Low Added Value.**

This shows that the goods for which we have a comparative advantage that brings China's labor and resource advantages into full play and overcomes our funding and technology limitations are mainly light

textiles and labor-intensive metal goods and machinery. But most such goods have little demand elasticity which, in addition to Chinese goods being mostly of low grade and outdated design, means that their selling prices and added value are both very low. Table 2 shows the average per unit prices of several commodity imports and exports for the first half of 1993 and 1994, the comparison of which illustrates the problem even better.

**Table 2. A Comparison of the Per Unit Prices of Several Chinese Commodity Imports and Exports. (Unit: \$10 Million; Primary Unit %)**

	Primary Unit	Averages for First Half of 1993 and 1994		
		Exports	Imports	Imports/Exports %
Paper and Cardboard	10,000 Tons	6,834.41	4,935.14	72.21%
Cotton Machine-Made Textiles	10,000 M	6.57	9.46	143.88%
Plastic Goods	Ton	1.47	1.97	134.31%
Billon and Rough Wrought Iron	10,000 Tons	2,582.85	2,268.95	87.85%
Rolled Steel	10,000 Tons	4,685.78	3,806.36	81.23%
Aluminum	Ton	1.81	1.87	198.09%
Unforged Aluminum and Aluminum Alloys	Ton	1.12	1.09	97.60%
Rolled Aluminum	Ton	1.73	2.40	139.08%
Industrial Sewing Machines	10,000	939.78	9,187.84	977.66%
Manufacturing Machine Tools	10,000	1,025.32	128,130.66	12,496.65%

	Primary Unit	Averages for First Half of 1993 and 1994		
		Exports	Imports	Imports/Exports %
Receiving, Recording, and Combination Acoustic Equipment	10,000	134.63	233.35	173.33%
TV's	10,000	701.14	3,191.24	455.15%
Color TV's	1,000	220.41	6,405.43	524.86%
Motor Vehicles and Other Chassis	Piece	12.23	13.71	112.11%

Data source: China "Customs Data," June 1994.

Table 2 shows that the average import price for the two periods for cotton machine-made textiles, for which China now has a comparative advantage and which are major export commodities, is 1.4 times their export price. The average import price for the two periods for radios, tape recorders, and combination acoustics equipment, for which we have a potential export advantage, is 1.7 times their import price, with that for color TV's being as high as 5.2 times. And the price gap is even more alarming for our leading import of mechanical equipment and exportable labor intensive mechanical equipment. For instance, the import price per industrial sewing machine is 9.8 times the export price, and the average import price per metalworking machine tool is 125 times the export price. But while this shows that China's exports are essentially dependent for success on low prices, the competition in international market commodities today is no longer that over merely cost, but rather mostly over technology, design, and information, so that low selling prices certainly do not show competitive might.

Meanwhile, unless we upgrade China's export enterprises and manage our exports effectively, the above-mentioned export trade terms for Chinese goods with a comparative advantage will tend to grow even worse. 1. For some time to come, with the world's industrial-structure focus shifting toward technology- and knowledge-intensive industry, the trade terms and demand elasticity for resource- and labor-intensive commodities will relatively deteriorate. 2. With inadequate demand elasticity, supply elasticity will tend to grow. First, as to domestic supply, the industrial structures and export mines of all Chinese provinces are identical, of about the same level, and all mostly of medium and low grade. As to certain low-grade products for which China has considerable world market share and exports in large quantities, we are not only running into quota limitations by the importing countries, but are even being accused by them of

dumping. On the other hand, even without quotas, all provinces pour out products, exporting competitively, which creates increased exports but not higher earnings. And as to international supply, developing countries such as Thailand, Malaysia, Indonesia, the Philippines, and Pakistan are already exploiting their advantage of even cheaper labor to become powerful competitors with traditional Chinese goods, opening up low-price competition in China's traditional export markets.

### 3. The Conflict of Our Key Export Goods and Heavy Industrialization Trends With China's Per Capita Resource Scarcity

Of the 104 Chinese commodities that we exported over \$100 million worth in 1992, 28 were purely resource-type farm and mineral products, with another 20 being manufactured goods with resource-intensive features (with an industrial material consumption rate over 70 percent), with their combined number of 48 making up 46 percent [of the 104 commodities]. And with yet another 36 having labor-intensive features (with labor consumption making up over 8 percent of their industrial output value), China's sharp increase in the export of such goods and our promotion of heavy industrialization with oil and iron and steel as its basic power and raw material is going to run into resource restraints. Taking iron and steel for instance, projecting China's steel output according to Japan's steel demand elasticity coefficient of 1.1 during its rapid growth period from 1955 to 1970, China's steel output will reach 358 million tons by 2010 (based on an average GDP growth of 8 percent from 1990 to 2010), with each ton of steel requiring two tons of iron ore, for a total of over 700 million tons of ore. But with China's current iron ore output at only a little over 200 million tons, it will be very hard to push it up to even 400 million tons by 2010. And the world's current iron ore output is only a little over 900 million tons, of which only a little over 300 million tons is fully part of the international trade volume. As to crude oil, it is

estimated that China's crude demand will reach about 300 million tons by 2010, with domestic supplies at only around 140 million tons, meaning that we will have to import 140-170 million tons by that time, while only Japan and the United States are currently importing more than 100 million tons of crude [a year]. And grain and cotton are facing similar problems.

This resource-limitation conflict will have three effects on China's industrialization process: 1. China's primary products will shift from mainly exports to mostly imports, to change the world's supply and demand order on the primary product market. The order of Japan and the "four little dragons" achieving rapid growth by relying on the oversupply in the world's primary product market and the primary product price slump will be reversed. And while we would not go so far as to conclude that that will restrict China's industrialization process, it will raise the cost curve of the course of Chinese industrialization. 2. Our increased import of primary products and large-scale introduction of technology and equipment to accelerate our industrialization rate and shrink our gap with the industrialized nations as quickly as possible will create an exchange conflict, not one of mutual restraint, but rather one that will add pressure for increased export growth. 3. Our resource shortage will combine with our regular domestic demand overheating to curb export industry growth, which will in turn impact our sustained economic growth.

#### 4. A Conflict Between the Calls for Domestic Industrial Upgrading and Our Imbalanced Foreign Trade

To overcome the above-mentioned restraints of little demand elasticity, low added value, and resource scarcity, we will have to speed up our domestic industrial upgrading, raising the level and efficiency of our resource disposition at the minimum cost, which will require a highly orderly import-export balancing mechanism. But China's foreign trade is essentially imbalanced. 1. Our foreign trade enterprises are divorced from our production enterprises. That was a chronic problem of our traditional planned economy, which has not yet essentially been solved properly by our transition to a market economy. 2. There is a lack of coordination among our import enterprises. While certain commodities imported in large quantities, particularly capital goods, could be imported along with the corresponding manufacturing and design technologies, the competition among our enterprises means that they pay a higher price for technology imports. 3. The mutual underselling in large-scale exporting of commodities with little demand elasticity creates increased exports without higher earnings. 4.

With the low-price exporting of resource-type products to generate foreign exchange earnings on one hand, and the domestic resource supply shortage on the other, we are forced to import at high prices intermediate products such as resources and raw materials. This lack of coordination among foreign trade enterprises and between foreign trade and production enterprises has caused a trend of inefficient exporting on a low-level foundation which, if not dealt with properly in our marketization process, will only intensify without abating, to undoubtedly also slow our course of industrial upgrading and add to our industrialization cost.

#### 5. The Conflict Between the Regionalization, Grouping, and Change in International Investment of the World Economy and China's Foreign Relations and Trade Growth

While the successful conclusion of the Uruguay Round of trade talks will stimulate to a certain extent world trade and world economic growth, the global economic trend of regionalization and grouping represented by the formation of the EU and NAFTA [North America Free Trade Agreement] will shift that trade growth to within such regions, while weakening the growth of trade in ordinary commodities among such regions and groups. And while China is located in Asia, the center of world economic growth, certain rising developing countries such as Thailand and Malaysia that are in the same development stage as China are all hoping to exploit the new world round of industrial structure adjustment to take over the markets vacated by the "four little dragons" in the transfer of resource- and labor-intensive goods. As many of their commodity mixes are the same as China's, the competition is going to grow more intense. The two above-mentioned factors will sharply reduce the access to the international market of Chinese industries with a comparative advantage.

On the other hand, China's hopes to adopt the method generally used since the 1970s by rising industrialized countries, or of using the form of attracting direct external investment to increase China's comparative advantage, will run into difficulties. Since the 1980s, 40 percent of world output, 60-70 percent of international technology trade, 90 percent of direct international investment and technology trade with developing countries, and 75 percent of the foreign trade of the home countries of multinational corporations have been controlled by multinational corporations. The world economic and trade regionalization and grouping has changed the motives of cross-group capital movement from the former acquisition of maximized comparative advantage through the international division of labor to the bypassing of group trade barriers to set up bases in other

groups, increasing the direct external investment among developed nations (with the direct external investment among developed nations in 1990 making up 80 percent of the world's direct external investment), while correspondingly decreasing the investment in developing countries by multinational groups. Moreover, the motives of multinational corporations in investing in China are mainly to monopolize potential Chinese markets and continue to maintain a vertical division of labor with China, which conflicts with Chinese aspirations for key technology transfers to develop our machinery and electronics, petrochemical, motor vehicles, and certain high-tech industries to a horizontal stage of division of labor. In fact, the foreign investment that China has attracted since reform has also been concentrated mostly in labor- and capital-intensive industries, with very little of it going to genuine technology-intensive enterprises.

### III. Changes in Foreign Trade Structural Adjustment and Growth Strategy During Our Rapid-Growth Period, and Policy Trends

1. We need to draw up a clear growth strategy, clarifying China's standing in the world division of labor. It should be focused on the upgrading of mostly capital- and technology-intensive industries such as machinery and electronics, petrochemicals, and automobiles with intensive manufacturing and high demand elasticity, to increase our high-tech industries and tap the international market potential of our traditional labor-intensive products. On one hand, we need to increase the added value of our traditional labor-intensive products, while striving on the other to raise the percentage of our exports that are heavy industrial and high-tech goods.

2. We need to improve our long-range structural-adjustment efficiency, adjusting and converting our industrial structure from a low-level internal orientation to a high-level internationalized one. 1) We need to export scarce resources and key components only after manufacturing and packaging them into finished goods, to upgrade and replace our export mix, and to raise our efficiency and results in the disposition of production factors. 2) We need to sharply lower tariffs or deregulate imports of ordinary goods to make our enterprises more competitive internationally, and take part in international competition to raise our technology level and promote the upgrading of our industrial structure.

3. We need to increase the technology, design, and information content of our light manufactured goods, converting our export commodity mix from a low-efficiency model to a high-efficiency one. In the short term, we need to take steps such as accelerating the technological upgrading of our traditional export-production en-

terprises, improving designs, increasing information and technology content, raising raw material quality, and improving packaging, adding design, size, and color variety, speeding up our product upgrading pace, and improving the outward appearance of products, to raise the added value of light industrial goods such as clothing, footwear, toys, crafts, plastic goods, and timepieces. We need to reorganize and upgrade our enterprises to speed up the enlargement of our rising household electronics enterprises and raise their technical development capacity and development might, lowering costs and raising product quality and technology content to ensure that a higher percentage of our exports consist of household electronics goods such as TVs and tape recorders. And we need to support the development of rising labor-, knowledge-, and technology-intensive production, manufacturing, and data-processing software industries and the fashion industry, endeavoring to push such industries to become export-oriented.

4. We need to establish a foreign trade balancing mechanism favorable to China's industrial upgrading, overcoming the flaw of declining enterprise competitiveness, and changing toward improving our overall national competitiveness.

5. We need to open markets in an all-dimensional way, converting our import-export market from single products to diversification.

6. We need to convert our use of foreign investment from a mostly export-manufacturing model to a mainly high-tech industry one. 1) We need to exploit China's large market as a bargaining chip, in an effort to acquire key technology transfers, to speed up our industrial upgrading. 2) We need to use our own high technology as capital to develop cooperation in high-tech fields, to increase our percentage of horizontal division of labor with developed nations. 3) We need to selectively deregulate certain industries, striving for multinational corporation investment as the key force driving exports.

### Agriculture

#### PRC: Water Minister Seeks Water Conservation Campaign

OW2203043296 Beijing XINHUA in English  
0218 GMT 22 Mar 96

[FBIS Transcribed Text] Beijing, March 22 (XINHUA) — Drought and water shortages have become a bottleneck in the economic development of China, the country's Water Resources Minister said today.

The minister, Niu Maosheng, was speaking on "World Water Day" on the need for water control in the world's most populated country.

China has carried out a series of activities to mark the fourth special day devoted to water issues.

China, as a country with short supplies of water per head of population, has spared no effort in protecting water resources, and raising water utilization efficiency, according to Niu.

He said that drought and lack of water has become the bottleneck of China's economic development, especially in the northern part of the country.

Statistics show that drought played the worst role in the country's grain production problems.

In the 1990s drought-stricken acreage in China reached 20 million hectares every year. And in the four years in which China's grain output fluctuated, grain output decreased by 35 billion kilograms each year because of drought.

Niu has called for a common effort to build water conservancy projects to increase irrigated acreage across China's arable land.

China has arable land of 64 million ha, which is suitable for irrigation. But the actual irrigated acreage in the country every year is only 40 million ha, as a result of inadequate irrigation construction.

At present, north China is suffering from serious drought, and the situation is getting worse. All drought-stricken areas are taking steps to fight the problem.

Niu's comments came in a full page message to the people of China, published in today's edition of "People's Daily". He also spoke of other water related problems in the country, including flood control and soil erosion problems.

**\*PRC: Grain, Oil, Meat Prices in Jan Reported**

96CED186G Beijing JINGJI CANKAO BAO  
in Chinese 15 Feb 96 p 3

[FBIS Summary] In January the average market price of grain was 3.05 yuan per kilogram, a 0.32 percent decrease from December. The average price for flour was 2.70 yuan per kilogram, a 14.8 percent increase over the same period in 1995; and the average price for rice was 3.51 yuan per kilogram, a 1.4 percent decrease from December, but a 16.67 percent increase over the same period in 1995.

Reasons for the decline in price of rice are: 1) Rice prices were high in 1994, stimulating farmer interest in growing grain, and market supply was abundant. 2) In 1995 a large amount of rice was imported. 3) Demand for rice in grain-producing regions is weak. 4) Grain departments have not set a negotiated price policy.

In January the average price per kilogram of peanut oil, canola oil, and soybean oil was 10.23 yuan, 8.23 yuan, and 8.17 yuan respectively, decreases of 1.54 percent, 0.6 percent, and 0.12 percent respectively from December, and decreases of 11.4 percent, 13.33 percent, and 11.27 percent respectively from the same period in 1995.

The price per kilogram for frozen and fresh pork was 11.60 yuan and 12.94 yuan respectively, decreases of 1.1 percent and 5.33 percent respectively from December, and decreases of 5.77 percent and 9.54 percent respectively from 1995. The price per kilogram of beef and lamb was 16.51 yuan and 17.12 yuan respectively, decreases of 2.71 percent and 2.89 percent respectively from December. The price for beef was a 10.22 percent increase over the same period in 1995, and the price for lamb was a 4.99 percent decrease. In January the average price for eggs was 7.54 yuan per kilogram, a 1.75 percent increase over December, and a 11.42 percent increase over the same period in 1995.

**PRC: Henan Holds Meeting on Reducing Peasants' Burdens**

SK2103110996 Zhengzhou Henan People's Radio  
Network in Mandarin 2300 GMT 19 Mar 96

[FBIS Translated Text] The provincial meeting on reducing peasants' burdens and to summarize and commend the advancement in the work of supervising the enforcement of laws on reducing peasants' burdens was held in Zhengzhou on 19 March. The meeting summarized the 1995 work on supervising the enforcement of laws on reducing peasants' burdens; commended 58 advanced units and 244 advanced individuals for work supervising the enforcement of laws on reducing peasants' burdens; and arranged for this year's work on reducing peasants' burdens. Attending and addressing the meeting were Dong Lei, standing committee member of the provincial party committee and secretary of the provincial discipline inspection commission, and Zhang Yixiang, vice governor of the province.

In his speech, Zhang Yixiang first reported on last year's situation in reducing peasants' burdens. He said: Since the start of last year, in order to actually resolve the problem that peasants' burdens rebounded in some localities, party committees and governments at all levels in the province have made unremitting efforts and adopted a series of measures to further intensify supervision and management of peasants' burdens. [sentence as heard] As a result, some progress has been made in reducing peasants' burdens throughout the province, and the arbitrary collection of funds, donations, and service charges as well as the rebounded burdens of peasants have been brought under effective control. Reducing the

peasants' burdens is protracted and complicated work. For this reason, Zhang Yixing demanded that the leadership over this work should truly be strengthened and this work should be regarded as a major task. Party committees and governments at all levels should conscientiously implement the work system where top party and government leaders personally take a hand in and assume overall responsibility for the work of reducing peasants' burdens and should conscientiously attend to this work by listing it as a major item on their daily agenda. With focus on checking the unwarranted pooling of funds, the arbitrary requisition of donations, and the exaction of fees from peasants, party committees and governments at all levels should conscientiously implement and strictly observe the rules on reducing peasants' burdens in order to resolutely check the evil practice of inventing all sorts of excuses to arbitrarily pool funds, collect donations, and add disguised burdens to peasants. Party committees and governments should penetratingly straighten out the financial affairs of collectives in rural areas and actually intensify management of the funds of these collectives. Greater efforts should be made to appropriately handle peasants' petitions and investigate and deal with major cases in an effort to resolve problems concerning peasants' burdens at the grass-roots level. The supervision over enforcing laws on reducing peasants' burdens should be conducted continuously in order to make new contributions to ensuring the implementation of the laws and ensuring the stability of rural society.

Dong Lei delivered a summation speech at the meeting's conclusion. He said: The province has scored great achievements in reducing peasants' burdens. Practice shows that this work has played an important role in promoting reform, opening up, economic development, and social stability and has effectively mobilized and protected peasants' enthusiasm in production. Therefore, this work should be conducted with continued effort. At present, in some localities, [problems with] the work reducing peasants' burdens are a lack of enthusiasm; the incidence of adding burdens on peasants has emerged frequently; and methods to handle peasant work are too simple and rude, thus leading to vicious cases. In some other localities, leaders have sought short-term success and quick profits and asked for money from peasants after scoring achievements, thus adding burdens to peasants. Hence, we cannot overestimate the already scored achievements. We must remain sober-minded and approach the work of reducing the peasants' burdens from the high plane of opposing corruption.

Dong Lei stressed: This year, we should pay attention to the following three aspects: First, we should strengthen education on the mass line and thinking style

among party-member cadres to make them more conscious about reducing peasants' burdens. Regarding office cadres, education about party purpose should be strengthened to make the most of their functional role and to enable them to render good service to peasants. Regarding the broad masses of peasants, the education on loving the country and loving collectives should be conducted to enable them to distinguish between reasonable and unreasonable burdens and voluntarily share the country's burdens. Second, we should appropriately handle relations among villages' retained funds, the funds under unified management of townships, and other social financial levies in order to make good use of them. Third, the amount, collection, and use of peasants' funds should be made public so that the masses can know exactly how things stand. We should vigorously develop social productive forces and the collective sector of the economy with a view to easing and resolving the peasants' overly heavy burdens through and sound economic development. At the same time, we should further deepen rural reform and overall structural reform to thoroughly resolve the overly heavy burdens on peasants.

\*PRC: Jiangsu Issues IOU's to Silk Farmers  
96CE01861 Nanjing XINHUA RIBAO in Chinese  
31 Jan 96 p 3

[FBIS Summary] At present, Jiangsu has more than 10,300 dan of silkworm cocoons in stock. To avoid losses the provincial government has decided that the province will hold 2,000 tons of silk in reserve, and cities and counties will hold 1,000 tons of silk in reserve. During autumn cocoon procurement in 1995, some areas issued IOUs. At present Jiangsu owes silk farmers 28,300,000 yuan.

PRC: Liaoning Under 'Rare Spring Drought'  
OW1903180196 Beijing ZHONGGUO XINWEN SHE  
in English 0322 GMT 19 Mar 96

[FBIS Transcribed Text] Shenyang, March 19 (CNS) — Liaoning is presently being plagued by a rare spring drought which has all but annihilated the residents prospects of a good harvest this year. All of this has come on top of last year's worst floods for a century.

From October last year to the end of February, the average rainfall received in Liaoning fell by between 30 and 80 percent to just 10 mm. to 60 mm. In the city of Chaoyang, west Liaoning, only 3 mm of rainfall was recorded during the period.

At the same time, temperatures throughout the Province are registering one to two degrees above the average for the same time of past years while the soil water content

was 50 percent below normal thereby posing a grave threat to agriculture.

The serious drought is affecting eight major cities including Shouyang (the provincial capital), Chaoyang, Fuxin, Tieling and Jimhou. Parched farmland now extends across 15 to 17 million acres while 500,000 mu (33333 hectares) of paddy and 100 million fruit trees are starved of water. In addition, 160,000 people, together with 80,000 head of animals, do not have sufficient potable water.

The provincial and local governments are mobilizing residents to fight the drought.

**\*PRC: Shandong Reports Planned Cotton Area for 1996**

96CHO186H *Jinan DAZHONG RIBAO in Chinese*  
9 Mar 96 p 1

[FBIS Summary] In 1995 the actual cotton area in Shandong Province was 9,994,000 mu, and gross output was 9,416,000 dan. This year the planned cotton area is 10 million mu, 90 percent of which will be sown to superior varieties, and estimated gross output is 10 million dan.

**PRC: Xinjiang Maps Out Priorities for Desert Control**

OW2003104596 *Beijing XINHUA in English*  
0857 GMT 20 Mar 96

[FBIS Transcribed Text] Urumqi, March 20 (XINHUA) — The Xinjiang Uygur Autonomous Region has mapped out a desert-control plan in a bid to contain the encroachment of deserts on oases and land.

A shifting desert belt is posing a serious threat to the important farming center of Xinjiang, north of Tianshan Mountain, and a crucial Eurasian Continental railway, linking China and the Netherlands.

Areas listed as priorities are the southern fringe of the Taklimakan and Gurbantunggut deserts, and the green corridor, or forest shelterbelt, along the lower reaches of the Tarim River.

A survey, conducted by local desert experts, shows that a two-meter-high sand dune, driven by wind, is shifting

southwards from the Taklimakan desert at 17.8 meters a year, one of the fastest desert expanding areas in China.

The survey found that in the past three decades, a total of 14,000 sq.km. of land has been encroached by desert in the southern verges of the Taklimakan desert, including 6,000 hectares of farmland.

The rampant desertification has turned the southern fringe of the Taklimakan desert, the second largest in the world with an area of 330,000 sq.km., into the poorest area in Xinjiang.

The drying up of the lower reaches of the Tarim river, and overlogging, has diminished two-thirds of the 400 km-long virgin diversiform-leaved poplar forest along the river, a green corridor separating another desert and the Taklimakan desert.

As a result of the deforestation, the two deserts are gradually getting closer to each other, and shifting sand has reached a road passing across the corridor, and 8,700 ha. of farmland has been turned into desert.

The corridor under threat is also one of the important channels linking the north and south Xinjiang.

The area under Sacsaul forest in the Gurbantunggut desert has been reduced by 68.4 percent over the past four decades, turning many fixed or semi-fixed sand dunes into shifting sand dunes.

A new 500 km-long, 10 km- to 30 km-wide wind and sand belt has been formed in the southern fringes of the Gurbantunggut desert, and is shifting at a rate of one to three meters each year. It is this shift that is posing a potential problem to the Eurasian rail link.

Leading officials from Forestry Department of Xinjiang said the region is preparing for emergency measures such as afforestation, turning forest-turned farmland into forest, protecting vegetation, and making rational use of water resources to curb the encroachment of desert.

In addition, Xinjiang is to step up environmental protection in three basins of Tarim basin, Turpan-Hami and Junggar plagued by deserts, where large-scale oil exploitation is underway.

**East Region**

**PRC: Anhui To Strengthen Environmental Measures**

*OW2203041996 Beijing XINHUA in English*  
*0244 GMT 22 Mar 96*

[FBIS Transcribed Text] Hefei, March 22 (XINHUA) — East China's Anhui Province intends to step up its efforts for environmental protection and to steadfastly implement control over the overall discharge of pollutants.

The province plans to pour a total of eight billion yuan into 83 environmental protection projects this year, sources said.

Earlier this year local environmental protection departments ordered all paper making factories with an annual capacity of 5,000 tons or less to shut down.

To realize the goals, local authorities will strengthen legislation related to environmental protection. Environmental protection rules have been listed in the legislation plan for 1996.

**PRC: Xiamen Sets Key Targets for High-Tech Development**

*OW0803152796 Beijing XINHUA in English*  
*1024 GMT 8 Mar 96*

[FBIS Transcribed Text] Xiamen, March 8 (XINHUA) — This special economic zone, one of the five in China, is to place high technology high on its agenda of economic development in the last five years of this century.

It will boost the application of micro-electronic technology, computers, CD-ROMs, photoelectrons and information technology. The output value of information-related trades is to make up 30 percent of Xiamen's Gross Domestic Product by the year 2000.

Major projects to be built for forming a citywide modern information network include a synchronous digital handling system, expansion of the Chinanet capacity to enable it to hook up with the Internet and promoting the use of electronic mailbox, paperless trade and CD-ROM services.

In the sphere of bio-engineering and gene research, the city will import, breed and popularize quality and high-yield livestock species and plant strains, develop marine organisms and put medical fermentation into practice.

On the use of new materials, the city will put the emphasis on compound materials, special ceramics, and high-polymer and new metals.

Xiamen achieved remarkable progress in high-tech development in the 1991-1995 period. The output value of high-tech firms now accounts for 10.4 percent of the city's total industrial output value.

**PRC: Shanghai Restricts Groundwater Extraction**  
*OW2203174996 Beijing ZHONGGUO XINWEN SHE*  
*in English 0336 GMT 22 Mar 96*

[FBIS Transcribed Text] Shanghai, March 22 (CNS) — Land subsidence in Shanghai's urban areas has become a far less serious problem now that strict restrictions have been imposed on underground water extraction.

According to the municipality's office for water consumption planning, more effective measures have been introduced to control the extraction of groundwater. The 1,199 wells in Shanghai, all of which are registered, saw a decline in the volume of water extracted from them last year. As a result land subsidence in urban areas had been reduced by an average of 0.6 millimetres over 1994.

The municipal government has imposed strict restrictions on groundwater extraction and the digging of wells in recent years. Punishment was meted out to 12 bodies for digging wells without a permit, 11 of these excavation have been refilled. However consumption of groundwater remained high due to expansion of the residential areas and the "food basket project", a programme designed to increase non-staple food production. Applications for a permit to sink groundwater wells number around 100 each year, far exceeding the planned number. Some unauthorized wells from which groundwater had been drawn had had serious effects on land subsidence. The municipal government plans to adopt even stricter measures to curb these practices.

**PRC: Zhejiang Firms Invest in Three Gorges Area**  
*OW2103040596 Beijing XINHUA in English*  
*0332 GMT 21 Mar 96*

[FBIS Transcribed Text] Hangzhou, March 21 (XINHUA) — East China's Zhejiang Province has pumped 62.22 million yuan (about 7.5 million U.S. dollars) into undertakings to aid the construction of the Three Gorges Project, the world-largest water-control scheme.

Over 30 well-known enterprises in the province have played an important role in helping 20 firms in the project's reservoir area to move, merge, or upgrade technology.

The Wushaha Group, the largest bakery and confectionery business in Zhejiang, set up a subsidiary company in Fuling in the reservoir area.

Last year, the company became one of the three largest firms in Fuling to be handed over to the country.

Zhejiang's Jiyi Group, Fanyuan Company have cooperated with the Fuling city government in establishing a group company which has merged nine money-losing firms.

The group company will help resettle 2,500 people from the reservoir area.

The province has also offered professional and technical training for 102 officials from Fuling and Wanxian cities, sending them to offices in 26 developed townships in its coastal area.

Ningbo, Huzhou and some other cities in the province have set up foundations to aid the reservoir area's economic development.

In addition, the province has also donated money and materials worth over 1.3 million yuan to the reservoir area for the setting up of five primary schools.

By the time the reservoir is full of water in the next century, 21 counties, and over one million people will have to be resettled.

**PRC: Zhejiang Reshapes Economic Patterns**  
*OW2003170096 Beijing XINHUA in English*  
1438 GMT 20 Mar 96

[FBIS Transcribed Text] Hangzhou, March 20 (XINHUA) — East China's Zhejiang Province will replace the conventional administrative areas with the establishment of three economic regions backed with central cities, ports and transport facilities, a local leader said.

Wang Xiaoyuan, the provincial governor, said that although Zhejiang's economy has increased rapidly over the past 17 years since China's reform and opening up to the outside world, its overall economic strength is uneven partly due to its irrational patterns.

The three economic regions are required to form industrial zones in line with local conditions and the market needs.

According to plan, one of the regions in northeastern Zhejiang will be linked by the Shanghai-Hangzhou-Ningbo expressway which is under construction.

It is expected to take the advantage of close to Pudong, China's largest economic and technology zone in Shanghai, to absorb more advanced technology and open wider, and to develop high-tech industries such as machinery, electronics, petro-chemicals and new materials.

Another one in southeastern Zhejiang headed by Wenzhou and Taizhou cities will focus on developing power,

machinery, medicine and domestic electric appliances as well as petro-chemical industry.

The third one covering the rest of the province will develop agriculture and non-metal minerals, light and textile industries, medicine, building materials and chemicals.

**PRC: Zhejiang Sets Up 'Complete Employment System'**

*OW2003121396 Beijing XINHUA in English*  
1151 GMT 20 Mar 96

[FBIS Transcribed Text] Hangzhou, March 20 (XINHUA) — A complete employment system, with job placement agencies and labor service companies as mainstays, has been set up in east China's Zhejiang Province.

More than 1,000 job placement agencies opened in the province have passed appraisal. They helped 640,000 people to find jobs last year, according to local officials.

With constant development of a market economy, job placement agencies have extended to villages and townships. Presently, more than half of the 1,800 villages and townships in the province have set up their own establishments for the management of laborers, half of which were opened last year.

In the Eighth Five-Year Plan period (1991-1995), job placement agencies in the province have offered various services for more than two million laborers, greatly easing pressure on the province which has a large population with a small land area.

More than 8,000 labor service companies within the province have employed 170,000 laborers, and played a positive role in helping maintain good public order.

In 1995, the province had 33,000 jobless laborers, the carrying out of "Re-employment Project" has helped 14,000 of them find new jobs, and a further 8,000 of them find temporary jobs.

### North Region

**PRC: Beijing Releases 1995 Statistical Communique**  
*SK2203021596 Beijing BEIJING RIBAO in Chinese*  
6 Mar 96 p 2

[Statistical communique on Beijing's 1995 economic and social development; issued by the Beijing Municipal Statistical Bureau on 6 March]

[FBIS Translated Text] In 1995, people across the municipality conscientiously implemented the guidelines of

the fifth plenary session of the 14th CPC Central Committee and a series of important central directives for Beijing's municipal work; correctly handled the relations between reform, development, and stability; witnessed a sustained, rapid, and sound economic development; noticeably enhanced the comprehensive economic strength; witnessed unceasing progress in all social undertakings; and succeeded in continuously improving their living. The expected goal of macroeconomic control was basically realized. Based on initial statistics, the annual GDP totalled 138.51 billion yuan, up 12.1 percent over the previous year, prefulfilling the objective of quadrupling the 1980 figure in five years. Local financial revenues during the year totalled 11.53 billion yuan, an increase of 21.8 percent over the previous year if calculated in terms of comparable standards.

### 1. Primary Industry

The added value brought by the primary industry during the year totalled 8.2 billion yuan, accounting for 5.9 percent of the GDP.

The agricultural foundation status was further strengthened. New progress was made in the "rice sack" and "vegetable basket" projects, and the production of grain and other major nonstaple foods remained stable.

The output of major farm products was as follows (in terms of comparable standards):

	unit	1995	percentage of increase or decrease from 1994
Grain	10,000 tonnes	259.8	4.3
Vegetables	10,000 tonnes	397.3	13.5
Meat	10,000 tonnes	37.8	10.9
Fresh Eggs	10,000 tonnes	28.5	-0.7
Milk	10,000 tonnes	21.6	-2.7
Freshwater fish	10,000 tonnes	8.1	5.9

New improvements were made in agricultural production conditions. The municipality's total power capacity in farm machines in rural areas totalled 4.681 million kilowatt (kw), up 1.9 percent over the previous year. Mechanized farming areas totalled 290,000 hectares, accounting for 88.4 percent of the total number of cultivated areas, up 1.2 percentage points over the previous year. Of the sowing areas, mechanized sowing areas accounted for 63 percent, which was the same as last year;

mechanized harvested areas accounted for 47.7 percent, up 2 percentage points over the previous year. Useful irrigated areas totalled 293,000 hectares, accounting for 81 percent of cultivated areas, up 0.6 percentage points over the previous year. Rural power consumption was 3.75 billion kilowatt hours (kwh), an increase of 58.2 percent. In 1995, municipal agricultural investments increased by 110 percent over the previous year.

### 2. Secondary Industry

The value added by the secondary industry during the year was 64.42 billion yuan, accounting for 46.5 percent of the GDP.

Industrial production steadily increased. The value added by the municipal industry was 49.32 billion yuan, up 9.2 percent over the previous year. Of this figure, the value added by light industry was 16.34 billion yuan, up 14.4 percent, and that of heavy industry was 32.98 billion yuan, up 6.8 percent. Of the value added by industry, the value added by state-owned and state-owned holdings enterprises totalled 34.58 billion yuan, up 7.3 percent; that of collective enterprises totalled 9.56 billion yuan, up 12.6 percent; and that of the three types of foreign-funded enterprises totalled 6.99 billion yuan, up 25.2 percent. The value added by large and medium industrial enterprises across the municipality totalled 29.97 billion yuan, up 7.5 percent. Of this figure, the value added by state-owned large and medium industrial enterprises was 23.65 billion yuan, up 9.7 percent, thus ending the situation of low-rate increases during the recent two years and continuously maintaining a dominant role in the industrial economy.

The situation of combining production with marketing noticeably improved. The sales rate of industrial products across the municipality rose every season, reaching 98.11 percent during the year, up 1.9 percentage points over the previous year.

	unit	1995	percentage of increase or decrease from 1994
Steel	10,000 tonnes	802	-2.9
Rolled steel	10,000 tonnes	621	6.5
Raw Coal	10,000 tonnes	654	-4.0
Power Output (municipal)	100 million kwh	118.7	-6.5
Chemical Fertilizers	10,000 tonnes	19.8	66.8
Ethylene	10,000 tonnes	53.0	89.1

	unit	1995	percentage of increase decrease from 1994
Fluxion	10,000 tonnes	64.0	63.7
Cement	10,000 tonnes	441.0	10.5
Power Equipment	10,000 kw	182.0	28.5
Cars	10,000	17.6	25.0
Metal cutting machine tools		2,572	-38.7
Microcomput- ers		7,300	9.9
Program- controlled telephone switchboards	10,000	238.8	-0.2
Color TV sets	10,000	50.1	24.0
Video recorders	10,000	20.9	24.0
Air conditioners	10,000	9.5	-10.6
Integrated circuits	10,000	1,003	-7.8
Phones	10,000	3.2	5.8
Watches	10,000	269	24.2
Yarn	10,000 tonnes	7.5	7.6
Cloth	100 million meters	2.7	-3.0
Wine	10,000 tonnes	86.2	4.6

The economic returns of state-owned industrial enterprises have improved. Industrial enterprises in the entire municipality at and above the township level that implemented an independent accounting system achieved profits and taxes totalling 15.87 billion yuan. Of this total, state-owned industries achieved 12.05 billion yuan, up 5.4 percent over the 1994 figure, and accounted for 75.9 percent of the total industrial profits and taxes of the entire municipality, which was 6.4 percentage points higher than the 1994 rate. The composite efficiency index of state-owned industries hit 106.24 percent, increasing 0.61 percentage points compared to 1994, or 4.89 percentage points higher than the average level of the municipality's industries. However, the overall level of our industrial efficiency still needs to be improved.

The construction industry was promoted to a new height. In 1995 the value added by this sector totaled 15.1

billion yuan, up 14.5 percent over 1994. The total floor space of buildings under construction was 55.581 million square meters, up 24.6 percent over 1994. The completed area hit 15.628 million square meters, up 14.0 percent over 1994. Per capita labor productivity was 46,080 yuan, increasing 12.2 percent compared to 1994, and the per capita profit and tax payment showed a 3.3 percent rise to reach 2,564 yuan.

### 3. Tertiary Industry

The value added by tertiary industry came to 65.89 billion yuan, increasing 15.6 percent over 1994 and accounting for 47.6 percent of GDP. Of this:

#### (1) Transportation, Posts, and Telecommunications

In 1995 the value added by the sector was 7.07 billion yuan, increasing 11.4 percent over the previous year.

The pressure on transport was further relieved. In 1995 the volume of freight transport hit 323.161 million tonnes, up 21.4 percent over the previous year. The volume of passenger transport achieved 98.379 million people, up 13.3 percent over the previous year. Of the transport means of all kinds, the volume of railway passenger transport decreased 8.2 percent, and that of railway freight transport maintained the same level; highway passenger transport increased 60.3 percent, and freight, 25.9 percent; while airway passenger transport increased 20.4 percent and freight increased 19.9 percent.

Posts and telecommunications services developed rapidly, and annual transactions totaled 5.61 billion yuan, up 34.2 percent over the previous year. Letters sent hit 600 million, 7.1 percent higher than in 1994. Up to the end of 1995, the capacity of telephone switchboards came to 3.693 million lines, up 21.7 percent over 1994. Of this total, the capacity of the municipal bureau's network was 2.375 million lines, increasing 34.4 percent. By the end of 1995 the number of telephone subscribers had reached 1.505 million, or 49.9 percent more than the previous year. The subscription rate was 26.4 percent in terms of the whole municipality, and 35.4 percent in urban areas, up 7.9 percentage points and 7.4 percentage points, respectively. Users of mobile telephones numbered 160,000, increasing 83,000 over the previous year.

#### (2) Domestic Trade

In 1995, value added by domestic trade totaled 18.59 billion yuan, increasing 17.7 percent over 1994.

The market for consumer goods continued to flourish. The retail sales of consumer goods in 1995 was 82.7 billion yuan, up 24.0 percent. Food items enjoyed brisk sales with retail sales amounting to 35.3 billion yuan.

up 43.3 percent. This percentage increase was 32.4 and 28.7 percentage points more than that for clothing items and daily necessities, respectively. Restraint was seen in institutional purchases. Retail sales registered a 10.0 percent increase, 16.7 percentage points lower than the increase in the purchasing power of the people. Rural retail markets continued to rapidly develop. Retail sales amounted to 22.85 billion yuan, up 61.0 percent. The increase was 47 percentage points higher than that of urban areas, and its proportion in total retail sales of consumer goods increased from 21.3 percent in 1994 to 27.6 percent in 1995. State- and collective-owned business maintained its leading role, and reached 54.78 billion yuan in retail volume, up 16.4 percent from the previous year, accounting for 66.2 percent of the entire municipality.

New headway was made in the construction of commercial outlets. By the end of 1995 the commercial and service units totalled 280,000, increasing 18,000 over the previous year. Chain stores registered notable results. Of all the commercial outlets in the municipality, chain stores reached 980, two times more than the beginning of the year. Of this total, the convenience chain shops which mainly sold grains, edible oil, eggs, and small articles for daily use amounted to 430, or five times more than that at the beginning of the year. State-owned grain stores played their role as the main distributor. Reserves of grains and edible oil were fairly abundant, and the supply for people's daily use was ensured. During the whole year, 10 shopping malls opened business. By the end of 1995, there were 50 shopping malls each covering areas of more than 10,000 square meters. Thirteen urban and rural trade fair markets were built in 1995, adding up to 1,062 by the end of the year. In 1995, transaction volume hit 19.51 billion yuan. Trade fair markets whose transaction volume topped 100 million yuan numbered 20.

Steady progress was registered in the markets for the means of production. In the whole municipality, markets for the means of industrial production totalled 51, with an annual transaction of 5.74 billion yuan. Transaction volume of such major means of production as timber and steel saw fairly rapid growth.

### (3) Banking and Insurance

In 1995 the added value realized by banking and insurance services was 15 billion yuan, up 16.4 percent over the previous year.

The banking situation was stable. At the end of 1995, savings deposits in various forms of financial institutions throughout the municipality totalled 352.72 billion yuan, 79.27 billion yuan more than the figure at the beginning of the year, or up by 29.0 percent. Of this total,

bank savings deposits amounted to 305.41 billion yuan, an increase of 71.75 billion yuan, or 30.7 percent. The loans issued by financial institutions totalled 156.06 billion yuan, an increase of 26.56 billion yuan, or 20.5 percent. The loans to local enterprises increased by 23.91 billion yuan, accounting for 90 percent of the increased amount of bank loans. In terms of money circulation, 1994's net currency release situation was reversed. In 1995 a total of 2.86 billion yuan of currency was withdrawn from circulation.

The stock market developed steadily. In 1995 the primary markets issued 11.55 billion yuan worth of state treasury bonds, up 32.9 percent over 1994. Business on circulation markets was brisk. There were 57 organs engaged in stock exchange business and 81 stock exchange agencies in the municipality. The volume of negotiable securities transferred by these organs and agencies in 1995 was 161.92 billion yuan, up 140 percent over 1994. The inter-lending funds among banks totalled 94.37 billion yuan, up 22.4 percent.

Insurance services developed in a sound manner. The premiums for various kinds of insurance in 1995 totalled 2.28 billion yuan, up 54.0 percent over 1994; the amount of indemnity paid for settled cases totalled 830 million yuan, up 20.3 percent; and the comprehensive loss ratio was 55.0 percent, a drop of 8.3 percentage points.

### (4) Real Estate

The added value of real estate trade in 1995 amounted to 1.55 billion yuan, up 20.1 percent over 1994.

In 1995 a total of 18.17 billion yuan was invested in developing real estate, up 82.6 percent over 1994. A total of 18.422 million square meters of marketable buildings were under construction throughout the municipality in 1995, up 15.6 percent over 1994, accounting for 33.1 percent of the total buildings under construction in the municipality. Meanwhile, a total of 5.474 million square meters of marketable buildings were completed, an increase of 22.8 percent, accounting for 35 percent of the total completed buildings in the municipality.

### (5) Science, Education, Culture, and Public Health

The added value realized in 1995 in the fields of science, education, culture, and public health totalled 13.12 billion yuan, representing an increase of 15 percent over that in 1994.

Science and technology continued to develop. At the end of 1995, there were 1.15 million full-time technical personnel of various specializations in the municipality, an increase of 4,000 persons over the figure at the end of 1994. Of them, 250,000 persons were engaged in

scientific and technological activities. The financial input into scientific and technological activities amounted to 12.40 billion yuan, up 15.0 percent. Expenditures on scientific and technological research and development projects accounted for 2.5 percent of the municipality's gross domestic product. In 1995, 13,000 scientific research projects were carried out, and 3,000 scientific research findings were applied and popularized. Scientific and technological research achievements were further injected into markets. There were a total of 56 technology transaction organs in the municipality. In 1995, 16,347 technology contracts were signed, up 7.4 percent from 1994; the technology transaction volume was 4.12 billion yuan, up 10.7 percent; and 4,025 patents were approved, up 3 percent. The role of science and technology in promoting economic and social development was enhanced day by day.

Education undertakings developed in an all-round fashion. In 1995 the municipality enrolled 12,000 new post-graduate students, 1,060 more than the figure in 1994. General institutions of higher learning enrolled 53,000 new undergraduate students for regular and special courses, 984 more than the figure in 1994. Of these students, 4,960 were self-funded students, accounting for 9.4 percent of the total. Secondary vocational and technical schools took in 83,000 new students, 25,000 more than the 1994 figure. The ratio of enrollment between vocational schools and general senior secondary schools was 2.7 to 1. In 1995 the total number of students taking graduate courses hit 7,596, of whom 1,491 gained doctorate degrees, and 6,097 gained masters degrees. In 1995, 45,000 students graduated from institutions of higher learning of all types; 56,000 students graduated from secondary vocational and technical schools of all types; and 15,000 students graduated from adult education schools. In the year, the enrollment rate of primary-school-age children was 99.93 percent, up 0.01 percentage points over that in 1994.

New results were achieved in cultural, press, and publishing undertakings. At the end of 1995 there were 21 city-run art performance groups, 23 cultural centers, and 22 public libraries. Throughout the year the city-run art performance groups presented 4,216 performances, and meanwhile 92,355 hours of full-length movies were projected. By the end of 1995, the broadcasting time of the Beijing People's Broadcasting Station reached 121 hours and 25 minutes, 7 hours and 31 minutes more than that at the end of 1994. The population coverage of television broadcasting service reached 98.3 percent. In 1995, 640 million copies of magazines and 7.363 billion copies of newspapers were published.

The medical and health-care conditions of the urban and rural people improved continuously. At the end

of the year, the whole municipality had 4,955 medical and health-care organs, of which 629 were hospitals in the urban and rural areas. There were 116,000 medical personnel and an average of 5.06 doctors for every 1,000 people. The municipality had 64,200 hospital beds, an average of 6.02 hospital beds for every 1,000 people.

Sports undertakings developed noticeably. During the year, Beijing athletes won 66 medals at major domestic competitions, of which 28 were gold medals and 22 were silver medals. In major international competitions, they won 30 medals, of which 23 were gold medals and 4 were silver medals.

#### 4. Investment in Fixed Assets

The scope of investment in fixed assets was noticeably brought under control. The total investment made by the social sector amounted to 83.22 billion yuan, up 28.3 percent over the previous year, a decline of 29.8 percentage points from the previous year's rate of increase. Of this figure, local investment reached 58.04 billion yuan, up 30.4 percent, or a decline of 29.4 percentage points from the previous year's rate of increase.

The investment structure improved, and investment in tertiary industry increased by a large margin. Of the whole municipality's 78.51 billion yuan of investment in fixed assets (excluding investment in rural collectives and investment in urban and rural private housing), the investment in tertiary industry was 65.3 billion yuan, up 49.5 percent over the previous year, which was higher than the growth of social investment by 21.2 percentage points, and the proportion of investment rose from 72.1 percent in the previous year to 83.2 percent. Of this figure, the investment from commercial, communications, transport, and post and telecommunications industries reached 12.71 billion yuan, up 23.2 percent, and housing investment reached 11.72 billion yuan, up 64.6 percent.

New progress was made in key construction projects. The whole municipality invested 14 billion yuan in building state and municipal key projects. The main capacity added by the newly-built large and medium-sized capital construction projects and the above-quota equipment replacement and technical transformation projects included 200,000 kw of hydraulic power output for the pumped-storage hydroelectric station at the Ming Tombs, the daily water supply capacity of 500,000 tonnes brought by the second-phase construction of the No. 9 Beijing water plant, and the 150,000 tonnes of hot-rolling strip steel output of Shoudu Iron and Steel Complex. The smooth implementation of the "9511" project helped to add 1 million kw of electricity to the

whole municipality and to basically realize the objective of not stopping or restricting power supply to urban residents during their daily life. The Beijing-Tongxian freeway was completed. The Beijing west passenger station was completed and ready to provide passenger service, and was set to be formally opened in January 1996.

#### 5. Urban Construction and Management

Major progress was made in construction of urban infrastructure facilities. The whole municipality renovated and expanded roads totalling 26.7 km in length and built eight overpasses. Central heating covering an area of 1.8 million square meters was added. The municipality developed 82,800 new gas users. At the end of the year, 2.157 million residents had gas supply, and more than 90 percent of urban residents used gas for cooking. The municipal water company sold 620 million cubic meters of water, an increase of 1.7 percent over the previous year. Residents across the municipality used 1.31 billion kWh of electricity, up 9.6 percent.

Fairly good progress was made in environmental protection work. We continued to strengthen urban environmental protection, with the prevention of air pollution and protection of drinking water resources as the priorities. One hundred and ninety practical projects for environmental protection were completed on time; 22 plants and workshops which created serious pollution, disrupted the people, and caused strong complaints from the masses suspended production or were relocated; 204.78 square km of areas in the municipality attained the standard of sound pollution-free areas, and the rate of sound pollution-free areas in the city proper rose from 32 percent in the previous year to 43.8 percent. We relocated 10 oil tanks and gas stations in the underground water resources protection areas; planted 9,400 hectares of waterbed forests on the upper reaches of the Miyun and Haikou Reservoirs; and improved 245.7 square km of small river valleys. We also planted 2,504,600 trees and 1.687 billion square meters of grass. At the end of the year, the urban tree cover rate reached 32.4 percent, up 1 percentage point over the figure at the end of the previous year. The average per capita public green areas rose from 6.58 square meters in the previous year to 7.08 square meters.

Public transportation service capacity was further strengthened. We opened 15 new bus routes totalling 379.9 km in length. The total length of bus routes reached 4513.2 km, up 9.6 percent over the previous year, thus making it easy for people to go out. The annual passenger transport volume by public communications services reached 3.70 billion people, up 4.8 percent over the previous year. Of this figure, the

passenger transport volume by means of subway trains reached 558 million, up 4.7 percent. At the end of the year, there were 63,000 rental cars in operation, an increase of 6.5 percent over the previous year.

#### 6. Foreign Economic Relations

The scale of foreign economic relations was ceaselessly expanded. The import and export value totaled \$4.393 billion, up 7.8 percent over 1994. Of this, the export value reached \$2.55 billion, up 18.1 percent, and the import value was \$1.841 billion, down 3.7 percent.

Steady development was achieved in utilization of foreign capital. Foreign-funded enterprises experienced improvements in economic results. The municipal government applied legal measures to strengthen management of the three types of foreign-funded enterprises so as to shift the focus of examining and approving new projects from seeking quantity to upgrading quality and stressing efficiency. By the end of 1995, contracts on building 11,749 foreign-funded enterprises of the three types were approved, up 1,552 over the 1994 year-end figure; and agreements involving \$17.51 billion yuan worth of foreign capital were signed, up \$2.74 billion. Foreign capital actually used during the year was \$1.98 billion, up 1.5 percent over 1994. A total of 1,016 foreign-funded enterprises of the three types were newly set up during the year, with the number of such enterprises totalling 4,002 by the end of the year. Such enterprises had 332,000 employees, including 45,000 new workers. Their revenues reached 47.86 billion yuan, up 32.3 percent; and their foreign exchange earnings were \$670 million, up 33 percent.

The municipality made new headway in making investments in foreign countries and exporting technologies. Twenty-five overseas enterprises were newly approved during the year. An investment of \$27.16 million was involved in these enterprises, of which the investments made by our side totaled \$25.4 million, accounting for 93.5 percent. Contracts on export of technologies, involving \$104.96 million, were signed, up 3.1 percent over 1994.

International tourism developed steadily. The municipality as a whole received 2.069 million tourists during the year, up 1.9 percent over 1994. Of them, the number of foreigners increased by 4.1 percent, the number of overseas Chinese rose by 11.9 percent, the number of compatriots from Hong Kong and Macao decreased by 1.4 percent, and the number of those from Taiwan decreased by 19.6 percent. Foreign exchange income from tourism was \$2.18 billion, up 8.6 percent.

### 7. Development Zones

Various types of development zones developed in a sound and orderly manner. The construction of economic and technological development zones and district- and county-level small industrial zones progressed smoothly. Some 2.4 square km of areas with "seven components of infrastructure and leveled ground" were developed during the year, thus making such areas in the municipality total 20.58 square km. Some 94.8 percent of these areas were sold. Some 807 enterprises were introduced to the development zones during the year, increasing the number of such enterprises in the municipality's development zones to 3,067 enterprises. Some 288 enterprises went into operation during the year. Thus, such enterprises that had gone into operation in the municipality's development zones totalled 2,065 by the end of the year. The newly operated enterprises' revenues reached 7.13 billion yuan, up 100 percent over 1994; and their taxes totalled 270 million yuan, up 81.2 percent.

New technological and industrial development experimental zones enhanced their exemplary role. These zones' added value reached 6.19 billion yuan, up 20.3 percent and accounting for 4.5 percent of the municipality's GDP; and these zones' taxes reached 750 billion yuan, up 56.4 percent.

### 8. Goods Prices

Noticeable achievements were made in controlling prices of goods. The municipal government carried out a system to have leaders assume responsibility for controlling prices of goods and worked out a series of effective measures to support production, strengthen the management of markets and the examination of prices of goods, and to set guidance prices and ceiling prices for grain, eggs, and vegetables, thus effectively checking the trend of rapid price increases for goods and realizing predetermined targets.

The 1995 price index was as follows (1994 figures were 100):

	Percentage
Commodity retail prices	112.6
Food	122.1
Beverages, cigarettes, and liquor	117
Dresses, shoes, and hats	119.3

	Percentage
Traditional Chinese and Western medicines	120.6
Cosmetics	133.2
Books, papers, and magazines	109.3
Cultural and sports goods	109.6
Daily necessities	109.5
Household electrical appliances	102.2
Ornaments	99.7
Food	99.4
Building and decoration materials	104
Machinery and electronics products	92.4
Residents' consumption prices	117.3

### 9. Population and People's Living Standards

Good results were achieved in population control work. Based on statistics from a nationwide sample survey of 1 percent of the population, the municipality had a permanent population of 12.511 million. The birth rate was 7.92 per thousand, a decline of 0.104 percentage points from the previous year. The death rate was 5.12 per thousand, a decline of 0.064 percentage points from the previous year. The natural population growth rate was 2.8 per thousand, a decline of 0.04 percentage points from the previous year.

The people's living standards improved continuously. The total payroll for workers was 38.2 billion yuan, up 24.6 percent over the previous year. The average wage for workers across the municipality was 8,100 yuan, up 23.8 percent, showing an actual increase of 5.6 percent if price inflation factors are excluded. The average per capita income of urban residents for living expenses was 5868.36 yuan, up 24 percent over the previous year, showing an actual increase of 5.7 percent over the previous year if price inflation factors are excluded. The average per capita net income of peasants was 3,224 yuan, an increase of 33.1 percent over the previous year, or an actual increase of 6.3 percent if price inflation factors are excluded.

The labor employment situation was stable. There were 4.72 million workers across the municipality at the end of the year, showing a slight increase over the previous year-end figure. Good results were made in implementing the "re-employment" project. The whole municipality had 187 outplacement service organs,

providing jobs for nearly 60,000 jobless people and those who quit their posts to seek other jobs.

Progress was made in reforming the social insurance system. More than 2.7 million workers across the municipality participated in old-age insurance; the organs responsible for managing unemployment insurance funds issued 6.3 million yuan in relief funds to 8,941 unemployed people.

The urban and rural savings deposits increased by a large margin. At the end of the year, the savings deposits of urban and rural residents totalled 125.4 billion yuan, up 47 percent over the figure at the beginning of the year. Of this figure, the savings deposits of urban residents reached 111.1 billion yuan, up 49.1 percent over the figure registered at the beginning of the year, and peasants' savings deposits totalled 14.25 billion yuan, up 32.8 percent over the figure released at the beginning of the year.

Residents' housing conditions were further improved. The housing construction areas of the whole municipality reached 28,397 million square meters, up 22.7 percent over the previous year; completed housing areas reached 8,565 million square meters, up 8.7 percent. During the year we invested 4.59 billion yuan in renovating dangerous and old houses and completed 1.15 million square meters of housing areas. The average per capita living space for urban residents was 13.2 square meters, an increase of 0.35 square meters over the previous year, and the average per capita living space for peasants was 24.7 square meters, an increase of 0.3 square meters over the previous year.

Some social problems still existed while the economy was rapidly developing. The fairly prominent social problems were the low quality of economic growth, the fairly large difficulties in some enterprises, the low economic efficiency, the big pressure caused by price inflation, the fairly rapid increase in financial subsidies, and the heavy burdens.

**Note:**

1. All figures in the communique are preliminary statistics.
2. The targets of added value and absolute figures quoted in the communique are at current prices for the year and growth rates are calculated at comparable prices.
3. In communications and transport, railway transport refers to transport service covered by the Beijing railway subbureau.
4. The permanent population figure quoted in the communique refers to the number of people who have

lived in the municipal neighborhoods, townships, and towns for half a year or more.

**Northeast Region**

**PRC: Heilongjiang Mining Administration Discharges Workers**

*SK2103043496 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 20 Mar 96*

[FBIS Translated Text] On 20 March, the Hegang Coal Mining Administration declared that some 20,000 staff and workers will be siphoned from its payroll, and these staff and workers will be helped to engage in tertiary industrial businesses through the preferential policies of granting low-interest loans to them and exempting them from paying water and electricity charges. It is estimated that with the streamlining of these staff and workers, the administration will be able to cut its expenses by some 80 million yuan annually, and at the same time, will create even greater economic returns.

**PRC: Wang Yunkun Delivers Jilin Work Report**

*SK2203051496 Changchun JILIN RIBAO in Chinese 9 Feb 96 pp 1, 2*

[Government work report presented by Wang Yunkun, governor of Jilin Province, at the fourth session of the eighth Jilin Provincial People's Congress on 1 February 1996]

[FBIS Translated Text] Fellow deputies, on behalf of the provincial people's government, I now submit a report on the work of the government to this session for your examination and approval.

**I. Review of the Eighth Five-Year Plan Period**

Under the leadership of the party Central Committee, the State Council, and the provincial party committee, and under the guidance of the important speeches given by Comrade Deng Xiaoping during his southern inspection in 1992 and the spirit of the 14th National Party Congress, Jilin Province entered a new period during the Eighth Five-Year Plan period for the socialist modernization drive. Through the concerted efforts of people of various nationalities in Jilin, the Eighth Five-Year Plan was successfully implemented. The past five years were spent unceasingly deepening reform and opening up, and the economy and various social undertakings were developed in an all-round manner, so that a great change took place in Jilin's appearance.

The economy maintained rapid growth, and industrial structure was somewhat improved. The past five years saw the fastest economic development since reform and opening up. In 1995, Jilin's GDP totaled 120.5 billion

yuan, representing an average annual growth of 11.1 percent, and the goal of quadrupling 1980's GDP was attained five years ahead of schedule. Financial revenues amounted to 11.75 billion yuan, an average annual growth of 16.3 percent. Rural economy broke away from the traditional development pattern. Grain production reached the 20 billion kg level, the production of animal husbandry was doubled, and a diversified economy as well as rural secondary and tertiary industries with emphasis on township enterprises developed rapidly. The goal of afforesting the lands of Jilin Province in ten years was attained two years ahead of schedule, and there was no serious forest fire for 15 years running. The overall industrial production capacity was enhanced considerably. The promoting role of the two pillar industries of automobiles and petrochemistry was brought into full play. The scale of the tertiary industry was unceasingly expanded. Transportation, communication, and other infrastructural facilities as well as banking, insurance, and other trades showed a rapid development trend. During this period, the added value of the tertiary industry registered an average annual growth of 12.9 percent. New and rebuilt highways in Jilin amounted to more than 8,000 km, and total highway mileages increased by 4,853 km over the Seventh Five-Year Plan period. In urban areas, telephone subscribers totaled 16.7 per 100 persons. All the cities at and above the county level realized had program-controlled local telephone switchboards and digital long-distance transmission. Collective, individual, private, and other nonstate-owned economic sectors developed fairly quickly. During this period, investment in fixed assets totaled 115.66 billion yuan, and newly increased fixed assets totaled 79.88 billion yuan, respectively increasing by 1.8 times and 1.3 times over the Seventh Five-Year Plan period. Work on the thirty subsidiary projects of the 10 major projects listed in the Eighth Five-Year Plan was begun in a comprehensive manner, and of this, Shuangyang cement plant and the Shuangliao Power Plant's first-phase construction of two generating units with a capacity of 300,000 kilowatts each were made available to users. A total of 174 major technical transformation projects in 100 key enterprises were basically completed. The construction and operation of these projects greatly strengthened Jilin's economic strength as well as energetically promoted economic restructuring and the improvement of industrial layout.

Various reforms were unceasingly deepened, and marketization of the economy was gradually enhanced. In line with the state's unified plan, we meticulously organized and implemented the measures for reforming fiscal, taxation, banking, foreign trade and foreign exchange, planning, investment, pricing, and land use systems. The pilot work for establishing a modern enter-

prise system was steadily promoted. Big progress was made in transforming the shareholding system and developing enterprises into companies. A total of 105 limited stock companies were built, of which, nine were listed companies. Fairly great progress was made in the association and amalgamation among enterprises and the sell-out and transfer of property rights of small-scale enterprises. The construction of the market system with emphasis on large-scale specialized wholesale markets and markets of essential production factors was gradually perfected, and the development pattern featuring the coexistence of various economic elements, of various business methods, and of various circulation channels was basically formed. The reform of various levels of government organs was carried out first in the province and counties and then in cities and townships, and the system of public servants was promoted as well. Fairly big progress was also recorded in reforming the old-age and unemployment insurance, and other social security systems of urban staffs and workers, and active exploration was made in reforming the system for managing state-owned assets. In rural reform, on the basis of perfecting a contracted responsibility system with remuneration linked to output and a management system whereby unified management is combined with separate management, new-type production organizations consisting of "companies plus peasant households" was developed, and a number of economic associations which coordinated production, processing, and marketing as well as integrated trade, industry, and agriculture with Deda company as its representative, sprang up. Better results were achieved in the trial comprehensive reform of counties and small cities and towns. By reform, the production relations incompatible with the development of productive forces were readjusted, and this poured vigor into the sustained economic development.

Significant achievement was made in opening up to the outside world and marked effect was achieved in foreign economic relations and trade. We seized the historical opportunity of international cooperation and development of Tumen Jiang areas to comprehensively promote opening up to the outside world, with development zones as the lead, key cities as the backing, and areas along the border and railway (highway) lines as the focus. The pace of building ports was quickened, and some land, water, and air passages were opened one after another. Hunchun border economic cooperative zone, Changchun and Jilin high- and new-tech industrial development zones, and Changchun economic and technological development zone were successively listed as state-level development zones. The construction of infrastructural facilities of various development zones was comprehensively started, and a number of productive as well as high- and new-tech projects based

on a high starting point and on a fairly large scale successively went into operation. During the Eighth Five-Year Plan period, the total volume of foreign import and export trade was \$12.8 billion, of which, export volume alone amounted to \$7.4 billion, increasing by 1.5 times over the Seventh Five-Year Plan period. Foreign capital actually used totaled \$2.76 billion, equivalent to 10 times that of the Seventh Five-Year Plan period. By 1995, foreign-invested enterprises totaled 3,884. Departments of foreign affairs, overseas Chinese affairs, Taiwan affairs, and tourism gave play to their positive role in strengthening relationship with foreign countries and publicity overseas. Jilin Province established friendly contacts and economic and commercial relationship with 137 countries and regions. During this period, we received 487,000 foreign tourists.

The development of urban and rural construction was rapid, and people's living standards significantly improved. During the Eighth Five-Year Plan period, by transforming old districts and developing new ones in urban areas as well as by building the coordinated infrastructure facilities, including gas, heat, and water supply, drainage systems, and roads, urban comprehensive service function was strengthened; and the look of some large- and medium-sized cities was considerably changed. The pace of building and commercializing urban houses was quickened, and urban per capita living space amounted to 6.7 square meters. In major cities, the rate of heating, gasification, control of smoke and dust, and purification of industrial waste water was enhanced at varying degrees. The construction of villages and towns was brought into the orbit of scientific planning and rational distribution, the management of cultivated land was strengthened, and rural electrification rate was 100 percent. The income and consumption of urban and rural residents increased. In 1995, the per capita net income of peasants amounted to 1,609 yuan, and the per capita living expense income of urban dwellers reached 2,914 yuan, respectively, increasing by 22 percent and 39.1 percent over 1990 after inflation was taken into account. More job opportunities were created, and 600,000 urban laborers found jobs in this period. Various levels of governments attached great importance to the living difficulty of staffs and workers of enterprises which stopped operation or operated under capacity as well as guaranteed the basic living conditions of laid-off staffs and workers. Greater achievement was made in developing and assisting rural poor areas, and a total of 850,000 poor households were supported, of which, 590,000 were lifted from poverty.

Various social undertakings developed vigorously, and democracy and the legal system were strengthened. When energetically promoting material civilization, we

unceasingly strengthened socialist spiritual civilization. In light of the new situation and issues which emerged in reform and opening up, we strengthened ideological education, guided public opinion, and fostered a good social convention. We made rapid progress in science and technology, scored 4,640 natural scientific and technological achievements in the past five years, and completed 190 projects on the planning of social science. A number of engineering centers for research and development, enterprises featuring advanced science and technology, and nongovernment scientific and technological enterprises rapidly sprang up. Educational undertakings of various levels and kinds developed healthily, and the counties (cities, districts) where nine-year compulsory education was universal accounted for 78 percent in the whole province. Jilin Province took the lead in realizing the goal of basically eliminating illiteracy among young and middle-age people in the whole country. Three universities and colleges in Jilin were approved by the state department for the "211 project" during the preliminary examination. Literature, art, press, publication, radio, film, and television undertakings developed fairly fast. A number of art works, books, plays or operas exerted a more profound influence on the society. Television coverage reached 84 percent in the province. We successfully hosted the eighth national winter games and repeatedly achieved very good results in sports. A number of modern stadiums and gymnasiums, including Beidahu ski resort in Jilin and Changchun stadium successively went into operation. The establishment of clean cities and rural primary health work were unceasingly strengthened. The work of integrating family planning with rural economic development; with the diligent effort of peasants in becoming prosperous and attaining a moderate level of prosperity; and with the establishment of civilized and happy families was affirmed by the state. At the end of the Eighth Five-Year Plan period, the natural population growth rate in Jilin was 6.81 per thousand. New achievement was made in meteorology, geological resources, mapping, people's air defense, earthquake monitoring, files, history compilation, cultural relics, and other various undertakings. Various levels of governments conscientiously carried out the resolutions of the people's congress and its standing committee, took the initiative in accepting supervision, performed administration according to law, and submitted 61 local laws and regulations to the standing committee of the provincial people's congress for approval in the Eighth Five-Year Plan period. The provincial government issued 97 regulations. Effort was made to maintain close ties with the Chinese People's Political Consultative Conference [CPPCC] Committee and various democratic parties as well as support them to discuss and participate in government affairs. Persistent

effort was made to manage all aspects of public security, give stern blows to various major and serious criminal activities, carry out law-enforcement supervision, check unhealthy tendencies, and achieve marked effect in fighting against corruption. Supervisory, auditing, statistical, industrial and commercial, pricing, customs, commodity inspection, technological supervision, and other economic law-enforcement and supervisory departments gave play to their important role in protecting legitimate activities, cracking down on crimes, and safeguarding order. New progress was made in national unity and progress, and Yanbian Korean Autonomous Prefecture was selected as China's national unity and progress exemplary autonomous prefecture by the State Council. The construction of militia and the reserve duty forces was strengthened, and the "double-support" activity was unceasingly deepened. Facts proved that strengthening socialist democracy and legal system and maintaining national unity and social stability were the important guarantee for achieving success in Jilin's various undertakings.

The year 1995 was the last year to carry out the Eighth Five-Year Plan. In line with the demands of the provincial party committee and the resolutions of the third session of the eighth provincial people's congress, we persisted in giving priority to tackling key problems and main contradictions which existed in reform and development in an effort to maintain a good economic development trend. We persisted in putting agriculture in the priority position, increased agricultural investment, increased areas sown with high-yield crops, unremittingly used science and education to invigorate agriculture, and realistically protected and boosted the enthusiasm of peasants for production. Consequently, a bumper grain harvest was reaped in this disaster-ridden year, total grain output reached 20.075 billion kg, and thereby 1995 was the third high-yield year in history. Animal husbandry and a diversified economy developed considerably. The output value of township enterprises totaled 62 billion yuan, up 28 percent over 1994. In industry, we persisted in transforming mechanisms, attending to management, strengthening self-improvement, and increasing efficiency; actively readjusted product mix; strengthened marketing; and supported enterprises which produced good-selling products and achieved good efficiency to increase their production and efficiency. As a result, the total industrial added value increased by 11.6 percent over 1994. Various levels of governments took curbing inflation as the primary task of macroeconomic regulation and control, strengthened the construction of "rice sack" and "food basket" projects, drew on grain and nonstaple food risk funds worth 120 million yuan, and regulated the prices of grain, oil, and major nonstaple food. Consequently, retail price rose by 14.2 percent

in the year, and the target of controlling price increase within 15 percent as stipulated by the state was attained. There was an ample supply of goods in urban and rural areas, both buying and selling were brisk, and consumer goods retail sales for the whole year increased by 20.2 percent over 1994. We stepped up our efforts to manage the investment in fixed assets, actively readjusted the investment orientation, and overfulfilled the plan for making investment in key projects. In foreign trade, we strived to overcome the difficulty resulting from the state's suspension of grain export and the decrease of barter trade, and earned foreign exchange worth \$1.42 billion in 1995. The foreign capital, which was actually used was increased, the scale of foreign-invested projects was extended, and the proportion of investment in productive projects rose to 82 percent from 63 percent in 1994. Revenues and expenditures were basically balanced for the whole year, and the financial situation was stable.

In 1995, we laid focus on reforming state-owned enterprises so as to promote various reforms and make new progress. The pilot work of establishing four state-level enterprises—which experimented with the modern enterprise system—was carried out, and the trial plan of designating 30 provincial-level enterprises to launch pilot projects was appraised. In June 1995, General Secretary Jiang Zemin presented important speeches on reforming and developing state-owned enterprises during his inspection to our province. In order to implement the guidelines of his speeches, we put forward the plan of using the ways of auction, amalgamation, leasing, and bankruptcy to reorganize enterprises in line with the principle of giving different guidance to different cases. While improving large enterprises and enterprise groups, we also actively decontrolled and invigorated small enterprises. In line with the plan of the provincial party committee, we conducted investigation on 100 large- and medium-sized enterprises across the province. The main leaders took the lead in going deep into the realities of various enterprises to find out the real situation, analyze problems, and study countermeasures in an effort to resolve problems in the course of investigation and provide a good idea for successfully reforming state-owned large- and medium-sized enterprises. In the course of deepening the reform of enterprises, progress was also recorded in the social security system and other coordinated reform, and the achievement which we made in macroeconomic reform was consolidated.

In 1995, we overcame the difficulty resulting from serious flood and drought and effectively organized the work of fighting natural calamities to provide for ourselves through production. During last year's flood sea-

son, eastern Jilin was hit by catastrophic floods, which were rare in our history, and at the same time, western Jilin was also hit by serious drought. Under the care and support of the party Central Committee, the State Council, and state relevant departments, the party and government organs as well as soldiers and civilians across the province made concerted effort to work strenuously and achieve decisive success in fighting floods and rushing to deal with an emergency. After these natural calamities, we exerted great effort to provide for ourselves through production and fairly rapidly resumed the production and living order in disaster areas. Throughout the course of fighting natural calamities to provide for ourselves through production, various departments and trades maintained close cooperation. Various departments realistically and effectively did a good job in taking responsibility for and guaranteeing the implementation of this task as well as in supporting their counterpart departments to carry out this task. Various social sectors felt anxious about disaster areas, and provided huge disaster relief spiritually and materially to people in disaster areas. People in disaster areas were not upset and rebuilt their homeland through self-reliance. All of these were not only the source of our strength for overcoming difficulties, but also our precious spiritual wealth in carrying out the modernization drive.

Fellow deputies, over the past five years, the work of the government was placed under the legal and work supervision of the people's congress and was strategically supported by democratic parties, industrial and commercial federations, nonparty personages, and various mass organizations. PLA units stationed in Jilin, the provincial military district and armed police forces, and various central units stationed in Jilin did much work for the construction of two civilizations. I now express my heartfelt gratitude for this on behalf of the provincial people's government.

In reviewing the Eighth Five-Year Plan period and last year, though we made great achievements, many contradictions which were already exposed or still hidden in economic development and social life still existed. The contradictions involving the low quality of economic growth and mediocre overall economic efficiency were conspicuous. The industrial composite efficiency index in Jilin was 15 percentage points lower than the national level, and the profit-tax rate of funds of industrial enterprises in 1995 was merely 6.8 percent. The fact proved that Jilin's economic growth was still achieved through the extensive way of management characterized by the high input but low output. Quite a few state-owned enterprises had difficulty in production and management, the liability rate rose, the deficits and the number of money-losing enterprises remained high, and

enterprises lacked the ability to accumulate funds and conduct transformation by themselves. The agricultural infrastructure was weak, composite production capacity was weak, and the development of rural secondary and tertiary industries was comparatively slow. Prices remained high for two years so that the external environment for economic development remained strained. The lives of staffs and workers of enterprises which stopped operation or operated under capacity were fairly difficult. The public security of some places was bad, and corrupt and ugly phenomena were more conspicuous. The emergency of these problems and contradictions resulted from many reasons; some were unavoidable in the course of progress, and some were the problems which existed in our work. Therefore, we should pay great attention and endeavor to resolve them in our work for some time to come.

## **II. The Targets and Tasks for the Ninth Five-Year Plan Period and Further Through the Year 2010**

The next 15 years are the crucial period for reform and development. Whether we can achieve a faster and better development in this period has a bearing on the stance our province will take when entering and standing firm in the 21st century. The successful implementation of the Eighth Five-Year Plan has laid a fairly good foundation for the development of the Ninth Five-Year Plan period. The state has attached great importance to agriculture, laid focus on the reform and development of state-owned enterprises, and intensified efforts to support central and western China. The Asian-Pacific region's economy is brisk; China will restore sovereignty over Hong Kong and Macao; and the international cooperation and development of Tumen Jiang areas have been carried out. They are all our advantageous conditions and opportunities. But we should also notice that the pressure resulting from competition in the process of economic marketization and internalization has been significantly intensified, and the economic growth mode characterized by mainly relying on the support of high investment and consumption should be transformed. The task of reforming, reorganizing, and transforming industrial enterprises is arduous, so we should exert more painstaking efforts to enhance the province's economic strength and give play to the advantages of state-owned economy. During the Eighth Five-Year Plan period, the gap between our province's economic development and that of advanced provinces was widened. In facing the development environment where opportunities and challenges coexist, we should remain sober, establish a sense of hardship and a sense of catching up with and surpassing advanced provinces, seize the opportunity, and expedite development.

In line with the guidelines of the fifth plenary session of the 14th CPC Central Committee and the sixth plenary session of the sixth provincial party committee as well as in keeping with the "overall strategic outline for building a border province near the sea," the overall targets for Jilin's economic and social development in the next 15 years are: By 1997, a moderate level of prosperity will be basically achieved; by 2000, the per capita GNP will quadruple the 1980 figure, a moderate level of prosperity will be achieved, and the profit-tax rate of funds of enterprises, the per capita labor productivity, and the average wage of staffs and workers will attain the national average level; and by 2010, Jilin will be ranked among developed provinces. The crux of realizing the targets for the next 15 years is to uphold the basic principle of "seizing the opportunity, deepening reform, expanding opening up, promoting development, and maintaining stability," to regard it as the central task to enhance the quality and efficiency of economic growth, and to accelerate a change from the traditional planned economic system to the socialist market economic system and a change from an extensive economic growth mode to an intensive economic growth mode. We should further cast off the yoke of the traditional system and customs, improve economic relations between various sectors, and provide good systems, conditions, and motive power for transforming the economic growth mode. We should not only lay focus on the optimization of increment, but also rely on the present foundation to reorganize asset reserves and expedite reorganization, transformation, and readjustment of state-owned enterprises. We should meet the needs of domestic and international markets, rationally allocate essential production factors, and enhance the rate of using resources and funds. We should comprehensively implement the strategy of using science and education to invigorate the province, unceasingly increase the scientific and technological content in economic growth, enhance the scientific and cultural quality of laborers, and make every endeavor to promote the economic development which can comply with Jilin's actual situation and can achieve fairly good efficiency at a fairly fast speed.

The Ninth Five-Year Plan period is the crucial period in the next 15 years. Only by comprehensively fulfilling this plan can we lay a good foundation for the development of the beginning of the next century. The main tasks for Jilin's reform and development for the next five years are:

First, we should transform the economic growth mode as well as enhance the overall quality and efficiency of the economy.

To expedite the transformation of the economic growth mode, we should further optimize the industrial structure, promote the rational distribution of resources, and enhance the efficiency of structural optimization and the level of scaled economy. We should comprehensively develop agriculture, build Jilin into a large grain province and a large animal husbandry province, and basically establish the framework for building Jilin into the province with strong rural economy. We should carry out the project of increasing the production of marketable grains by 10 billion kg, improve the production in central Jilin, and devote main efforts to western Jilin. We should strengthen the water conservancy infrastructure and initiate a number of large-scale backbone projects, including the Hadashan key water control project. We should energetically develop animal husbandry and a diversified economy; build the six series of projects involving cattle, hog, sheep, chicken, deer, and goose production in a coordinated manner; and enhance the ability for the intensive processing of grains and various livestock products by a large margin. We should expedite the development of rural secondary and tertiary industries with an emphasis on township enterprises, strengthen the collective economic strength, and increase peasants' income and local financial revenues. To restructure and optimize industry, we should lay focus on the overall work as well as the strategic and advanced projects. We should continuously strengthen the pillar industries of automobiles and petrochemistry as well as actively develop relevant coordinated industries. To realize the 21st century's third-step strategic target, we should speed up fostering food, medicine, electronics, and other new pillar industries. We should energetically develop high- and new-tech industries as well as use advanced technology to transform and equip the machinery industry, light industry and textiles, and metallurgical and building materials industries. We should further strengthen the energy industry and geological exploration and exploitation as well as expedite the development of the construction industry. We should lay focus on fostering a number of brand-name products with a bigger share and higher competitiveness in domestic and foreign markets. We should attend to 10 series of construction projects, including the production of 300,000 cars and automobile auxiliary parts, the 300,000-tonne-ethylene project, the intensive processing of downstream products, and the intensive processing of 1 million tonnes of corns so as to strengthen the ability to participate in domestic and foreign competition on the whole. For the tertiary industry, we should expedite its development at a rate higher than that of the primary and secondary industries in an effort to form a reasonable structure and scale and enhance quality and efficiency.

We should give play to the comparative advantages of various places and promote the optimum organization of essential production factors so as to bring along the coordinated development of regional economy. We should further strengthen the functions of Changchun and Jilin cities; speed up building and developing the bases for production and processing of marketable grains, the automobile industrial bases, and petrochemical bases; and build an industrial and commercial corridor from Changchun to Jilin. We should lay focus on medium-sized cities, build them into economically strong cities, and strive to turn two or three cities into more developed and larger key cities. We should attach great importance to and support the economic development of counties, expedite the construction of small cities and towns, and build a number of economically strong counties, towns, and villages. At the same time, we should give necessary support in terms of project planning and the use of funds to areas with fairly weak economic strength. We should further expand the fields for the development of nonstate-owned economy, gradually standardize it, and enhance its proportion in the entire economy.

The basic way for transforming economic growth mode lies in scientific and technological progress. We should conscientiously carry out various measures on using science and technology to invigorate the province, closely integrate science and technology with economy, and expedite the transformation of scientific and technological achievements. We should concentrate efforts to upgrade the breeds of corns and beef cattle and develop key technology for pillar industries. We should carry out the project of pooling efforts of industrial enterprises, colleges and universities, and scientific research institutes to develop technology and the project of industrializing high and new technology. We should promote the industrialization of a number of high-tech projects, including the thermoplastic, genetic interferon, synthetic insulin, liquid crystal display, and rare-earth magneto. We should deeply reform the scientific and technological system. We should promote scientific research units to cooperate with large-scale enterprises and enterprise groups, encourage enterprises to establish technological development centers, and energetically develop non-government scientific and technological entities. At the end of the Ninth Five-Year Plan period, the contribution of scientific and technological progress to economic growth should reach 45 percent. Education is the foundation of scientific and technological progress, so we should give top priority to developing education. By 1997, we should basically make the nine-year compulsory education universal. We should energetically develop the secondary vocational education. We should actively educate peasants with applicable techniques as well as emphasize before-the-job training for staffs and

workers of enterprises. We should attend to the dissemination of scientific knowledge. We should strengthen the construction of major colleges and universities and key disciplines, optimize the structure of higher education, and train high-level talented persons in line with the needs of the 21st century. We should respect knowledge and talented persons. We should encourage invention and creation as well as protect intellectual property rights. We should comprehensively carry out the policy towards intellectuals, pay attention to building the ranks of enterprise managers and administrators, train and make good use of various resources of talented persons, and form a mechanism and social atmosphere advantageous to making talented persons give full play to their role.

Second, we should deepen economic system reform as well as establish and perfect a mechanism for socialist market economic operation.

The reform of state-owned enterprises is the central link of the entire economic system reform. In line with the demands of clearly defining the property rights as well as rights and responsibilities, separating government administration from enterprise management, and establishing scientific management, we should integrate reform, reorganization, and transformation with strengthening of management for overall improvement; initially establish a modern enterprise system in the great majority of state-owned large and medium-sized backbone enterprises by the end of this century; and create new advantages for state-owned economy. We should readjust the liability structure of enterprises; and lower the liability rate of state-owned large and medium-sized enterprises through the measures of bringing in domestic and foreign investment as shares, pricing lands, changing loans into investment, suspending the interest payment of amalgamated enterprises, and carrying out the debt trusteeship system; and gradually separate social undertakings from enterprises. We should define the position of enterprises as major investors, quicken the pace of technical transformation, establish a mechanism for unceasingly bringing forth new ideas in technological development, and strengthen the ability of enterprises to support technological development. We should select excellent enterprises and support strong ones, promote the rational distribution and reorganization of asset reserves, and lay focus on fostering a number of enterprise groups and large-scale enterprises with sales volume of more than 10 billion yuan, 5 billion yuan, or 1 billion yuan each. We should strive to use two or three years to restructure and reorganize state-owned small enterprises as well as decontrol and invigorate small enterprises. We should lay focus on the reform of enterprises and do a good job in other coordinated reform. We should

establish the system of managing, supervising, and operating state-owned assets, under which rights and responsibilities are clearly defined. We should perfect the social security system which old-age, unemployment, and medical insurances as the main content and combines mutual assistance funds with individual accounts.

The perfect market system and the market mechanism with complete functions are the essential conditions for deepening the reform of enterprises. We should continuously develop and perfect the commodity market; regard large-scale specialized wholesale markets as the backing; and actively develop the agency system, chain stores, distribution centers, and other modern circulation organizations. We should expedite the construction of the markets for essential production factors, including money, land, real estate, property rights, labor forces, technology, and information markets. We should develop local cooperative financial organizations and strive to introduce foreign-funded financial organs to the cities with appropriate conditions. We should foster and standardize various market intermediary organizations and give play to their role in service, connection, notarization, and supervision.

We should transform government functions and perfect the economic management mechanism based primarily on indirect regulation and control. The priority of this task is to transform the government's economic management function into one of carrying out state policies on macroeconomic regulation and control, strengthening overall planning and comprehensive coordination, attending to infrastructure, and creating a good development environment. We should further strengthen the regulatory and control functions of the departments charged with overall economic responsibilities. We should, step-by-step, change provincial-level specialized economic management departments into self-regulated organizations in charge of relevant trades, companies engaged in the management of state-owned assets, or holding companies, or should reorganize some of them into economic entities. Cities and counties are in an important position in economic development, so we should entrust them with corresponding management competence in line with the principle of unifying responsibilities and power, and should fully mobilize their enthusiasm for developing the economy.

Third, we should enhance the level of opening to the outside world as well as actively participate in and encourage the economic development of Northeast Asian areas.

We should persist in taking opening to the outside world as the guide, further create a good opening environment, and use opening up to promote development. After caus-

ing our province to reach the sea by using Russian and Korean ports, we should link up Chinese and Russian border railways. We should continuously attend to sea navigation via Tumen Jiang. We should regard Hunchun as the forward position for connecting Yanji, Tumen, Linjiang, Changbai, Jian, and other cities so as to build an open-border belt. When reconstructing the Harbin-Dalian Railway, we should complete the construction of high-grade highways from Changchun to Siping, Jilin, and Harbin. We should strengthen contacts with the economic zones around Bohai Bay. We should further open up Songhua Jiang and Nen Jiang water transport lines and enhance the aviation standards of Changchun Airport. We should actively make plans for constructing Changchun International Airport. We should build a digital, comprehensive, and large-capacity telecommunications network that can cover the whole province. We should persist in paying simultaneous attention to development and improvement; do a good job in running four state-level and 12 provincial-level development zones; and give play to the role of various development zones as exemplary and influential gateways in economic construction and opening to the outside world. In line with general practice for the international economy, we should revise and perfect laws and regulations involving foreign enterprises and enhance the efficiency of handling affairs. We should step-by-step grant foreign-invested enterprises the same treatment as our nationals.

We should promote the in-depth reform of enterprises engaged in foreign economic relations and trade as well as enhance the quality and efficiency of foreign economic relations and trade. We should carry out strategic reorganization and develop enterprises engaged in foreign economic relations and trade into industrialized and internationalized enterprise groups. During the Ninth Five-Year Plan period, in line with the demands for establishing a modern enterprise system, we should, based on our resources and superior industries, establish a number of general multi-functional import-export enterprise groups that embrace various trades and regions, meet the needs of domestic and foreign markets, and coordinate trade, industry, agriculture, technology, and banking, which are led by key enterprises. We should also gradually develop these into general commercial corporations with Chinese characteristics. We should encourage enterprises with appropriate conditions to make investments and run factories in areas outside the border and develop multinational business. With markets as the guide and improvement of efficiency as the central task, we should actively readjust our manner of doing business and the structure of import and export commodities, and increase the export of industrial products, mechanical and electronic prod-

ucts, and products with high scientific and technological content and added value. We should open up the international market in a diversified way.

We should use foreign capital in a more active, reasonable, and effective way. In line with the state's industrial policy, we should expand the reserves of projects and gradually establish the project market. We should focus on attracting the investment of large enterprises and financial groups abroad and, in particular, multinational companies. We should adopt the current international methods, such as selling property rights or shares, floating stocks in areas outside the border, and borrowing funds for projects, to open up avenues for introducing capital and expanding its scale. We should channel foreign capital into agriculture, pillar industries, high- and new-tech industries, infrastructure facilities, basic industries, and the grafting and transformation of old enterprises. During the Ninth Five-Year Plan period, the amount of foreign capital actually used in Jilin should amount to more than \$4 billion.

Fourth, we should strive to coordinate economic and social development as well as persist in simultaneously attending to construction of the two civilizations. In social development, we should lay focus on the overall development of mankind. Effectively controlling population growth is the primary task of coordinating economic and social development. We should further strengthen family planning, control the natural population growth rate within 9.3 per thousand by the year 2000, and keep the total population within 27.6 million. We should strive to enhance people's living standards and improve the conditions for people's material and cultural life. We should strengthen price control, increase supplies of essential goods, and ensure that the actual purchasing power of urban and rural dwellers can be increased year after year. We should expedite urban and rural construction, attend to the "comfortable housing project," and strive to make urban per capita living space reach more than 8 square meters by 2000. We should actively develop literature, art, press, publication, radio, film, and television undertakings; advocate the main theme; and provide more healthy, beneficial, and inspiring intellectual products to society. We should develop various health undertakings and basically realize the target of ensuring that everyone obtains primary health care by 2000. On the basis of popularizing mass sports activities, we should enhance the level of sports competition. Along with the continued economic development, we should exert our greatest possible efforts to channel some funds into supporting the construction of infrastructure facilities for social undertakings.

In the Ninth Five-Year Plan period, problems involving the transfer of rural surplus labor forces and the

employment of the urban population are conspicuous. Through developing new industries and labor-intensive service trades, we should increase job opportunities as well as absorb rural surplus labor forces in a diversified way. We should make plans to train urban jobless personnel to get jobs again. We should gradually promote a shift from the arrangement of employment by the government to voluntary selection by people of jobs. We should carry out the "511" plan for tackling key problems on assisting the poor as well as mobilize all social sectors to care for and support the work of assisting and developing poor areas. We should establish multilayered urban aid-the-poor funds and organize staff and workers who are bad-off to provide for themselves through production. We should develop community service as well as continuously attend to social relief, social welfare, and the work of giving special care to and arranging for disabled servicemen and family members of revolutionary martyrs and servicemen.

We should adhere to the unified planning and coordinated development of economic construction, urban and rural construction, and environmental construction. We should focus on large and medium-sized cities and build a number of facilities for sewage treatment, combined heat and power supply, and pollution-free garbage disposal. We should carry out ecological construction projects in the Changbai Shan Forest areas in eastern Jilin, the desert and alkaline land control areas in western Jilin, and the "three-lake" nature reserves in the Songhua Jiang valley. We should lay equal stress on exploiting and saving resources; rationally use and protect land, forests, minerals, and other natural resources; and uphold sustainable development. At the end of the Ninth Five-Year Plan period, we should strive to basically control the tendency of environmental and ecological destruction as well as improve the environmental quality of major cities.

The construction of socialist spiritual civilization influences the rise, decline, success, and failure of our undertakings. We should place the construction of spiritual civilization in a more prominent position. We should conscientiously carry out the plan for Jilin's construction of spiritual civilization as well as unswervingly carry out the principle of attending to two tasks simultaneously and being successful in both. We should further strengthen the building of socialist democracy and the legal system, expedite legislation, attend to supervision and inspection on administrative law enforcement, and persist in managing the province according to law. We should strengthen the building of grassroots political power and consolidate the unity between army and government and between army and civilians. We should strengthen all the people's sense of national defense and

conscientiously carry out the policies on religions and overseas Chinese affairs. We should give full play to the role of the trade union, the Communist Youth League, the women's federation, and other mass organizations. Jilin is a multi-nationality province, so we should further strengthen the unity of various nationalities, consolidate and develop socialist national relations, impel the development of economic and social undertakings of minority nationality areas, and promote the common progress of various nationalities.

### III. The Main Tasks in 1996

The year 1996 is the first year of carrying out the Ninth Five-Year Plan. We should continue to correctly handle the relationship between reform, development, and stability; further consolidate and strengthen the foundation position of agriculture in line with the demands of expediting the two fundamental changes; quicken the pace of reforming and developing state-owned enterprises; accelerate economic restructuring and technological progress; continuously lower the inflation rate; safeguard normal economic order; coordinate economic and social development; and make a good start for carrying out the Ninth Five-Year Plan. The main target for Jilin's economic and social development is increasing GDP by 10 percent. The profit-tax rate of industrial funds will rise by more than 7.3 percent. Financial revenues will increase by 10 percent. The retail price increase will be controlled at around 10 percent. Foreign export trade will grow by 9 percent. The actual growth in per capita income for living expenses of urban dwellers will reach 8 percent. The actual growth of per capita net income of peasants will reach 5 percent. The natural population growth rate will be controlled within 10.5 per thousand.

1. We should further strengthen agriculture and comprehensively develop rural economy.

The crux of consolidating and developing the current good situation in rural areas is to protect and mobilize the enthusiasm of peasants. We should comprehensively carry out the party's basic rural policies and make special efforts to stabilize the land contract policies. We should firmly attend to the purchase and marketing of grains. We should increase the production and supply of chemical fertilizer; take supply and marketing cooperatives as main distributors, and production enterprises and agroscience and farming technique dissemination departments as auxiliary distributors; control the price of chemical fertilizer; and promote the method of linking grain production with chemical fertilizer supply and selling chemical fertilizer in chain stores. We should conscientiously rectify the market for means of agricultural production. In line with the state's policy for enhancing the price of the fixed-quota purchase of

grains, we should gradually solve the problems that cause greater resentment from the masses, such as the fairly high price for chemical fertilizer and the fairly low price for the fixed-quota purchase of grains. We should unwaveringly do a good job in alleviating peasants' burdens.

In normal harvest years, the total grain output should amount to 21 billion kg. To realize this target, we should focus on spreading fine varieties and water-saving irrigation and increasing agricultural investment. We should protect cultivated land according to law. We should attend to the agricultural "bumper harvest farmland" project as well as carry out the "seed project," the biological control project, and the project of using comprehensive technology to produce high-yield corns in large areas. We should organize 10,000 scientific and technological personnel to go down to rural areas to spread technology and train peasants with applicable technology. We should exert great efforts to repair the projects destroyed by floods; do a good job in repairing the dikes along the Songhua Jiang, Nen Jiang, and other rivers; and strengthen the construction of water sources and well-water irrigation projects to combat drought in western Jilin. We should encourage peasants to directly invest in production and management. The growth of agricultural investment should be higher than that of expenditures. Agricultural credit funds should be put in place according to plan. At the same time, we should continuously strive for state investment in harnessing large rivers as well as building marketable grain bases and the exemplary projects of water-saving irrigation, and should make good use of the funds for giving relief by providing labor.

We should energetically develop animal husbandry and the intensive processing of agricultural products so as to expedite agricultural industrialization. We should focus on supporting 23 aquiculture and processing industry bases. After improving the Jifa Group and Deda Company, we should speed up building a number of leading enterprises engaged in intensive processing of agricultural and livestock products, which are capable of playing a stronger leading role and have a larger business scale, in an effort to bring along the implementation of cattle, hogs, chickens, geese, and other series of projects for development. We should actively develop a diversified economy. Township enterprises should regard the market as guidance, increase the level and scale of products, and strive for bigger development. In forestry, we should strengthen cultivation, management, and protection of resources and, through deepening reform, develop forestry economy, and we should do a good job in preventing major and serious forest fires for 16 years running.

2. We should actively promote the reform of state-owned enterprises and enhance industrial efficiency.

In 1996 we should expedite the reform of state-owned enterprises. A. We should continuously attend to the pilot work of establishing a modern enterprise system. Four state-level and 30 provincial-level pilot enterprises should make substantial progress in defining the properties of enterprise legal persons and establishing the structure for legal person management. At the same time, we should experiment with optimizing capital structure in Changchun and Jilin cities as well as find a way to and achieve good results in increasing capital, reducing debt, reducing staff, and increasing efficiency. B. We should reorganize the state-owned asset reserves. We should focus on attending to 50 large enterprises and enterprise groups. The companies exclusively invested by the state and enterprise groups with appropriate conditions should be entrusted with the right to manage state-owned assets. In light of the different situations in state-owned small enterprises, we should give different guidance to different cases; reorganize them by way of association, amalgamation, the shareholding system and cooperation, leasing, contracting, or selling out; and do a good job in reorganizing the property rights and changing systems at 10 county (city) enterprises on a trial basis. C. We should attend to the standardized management of the enterprises which practice the shareholding system as well as strive to make all limited liability stock companies attain the standard set by the state by 1996. D. We should expedite the reform of the social security system and the system of managing state-owned assets. We should do a good job in popularizing old-age, unemployment, and medical insurance, as well as establish and perfect the system of managing and operating state-owned assets at the provincial and city level.

We should add impetus to technical transformation and give play to the important catalyst role of scientific and technological progress in economic growth. We should increase input to technical transformation through various channels and establish funds for technical transformation so as to make the investment in technical transformation increase by a larger margin than in 1995. We should lay focus on making the projects which have been completed meet the required production quotas and achieve good results as well as pay attention to the continuous construction of key projects. We should expedite technological development of enterprises and energetically carry out the activity of updating products. We should intensify construction of research centers for key projects, such as intensive corn processing, liquid crystal, applied chemistry, and biological science, and

develop a number of high- and new-tech industrialized projects.

We should lay focus on enhancing the efficiency of economy and management as well as continuously carry out the activity of "transforming mechanisms, attending to management, strengthening self-improvement, and increasing efficiency." We should wholeheartedly rely on the working class and fully mobilize the enthusiasm of the broad masses of staffs and workers. We should strengthen the awareness of operating funds, the sense of credit, and the consciousness of paying off debts. We should strictly manage factories; strengthen management of the marketing, quality, funds, and cost of enterprises; and deeply reform the systems of personnel matters, labor, and distribution in enterprises. We should lay focus on state-owned large and medium-sized enterprises; strengthen the building of enterprise leading bodies; formulate scientific management methods for training, selecting, and assessing personnel; and gradually establish the mechanisms for encouragement and restraint through risks. We should strengthen the comprehensive coordination of economic operations and strive to provide external conditions for increasing the production and efficiency of enterprises.

3. We should further expand opening up to the outside world and do a good job in foreign economic relations and trade.

Under the new situation, we should make greater progress in opening to the outside world. We should continuously do a good job in building various open routes, expedite construction of the Hunchun-Maharino Railway, open transport service from Tumen to Hunchun, and submit reports on and win approval for establishment of railway ports for customs declarations and entrance examinations. We should formally open up regular international flight service from Changchun to Vladivostok, Seoul, and Niigata. We should strive to open up highway passenger transport service from Hunchun to Slavyanka in Russia and international trains from Tumen to Najin in Korea. We should step up efforts to invite foreign businessmen to participate in the development of Tumen Jiang areas as well as attend to the implementation of contracted projects. Various development zones should expedite the introduction of productive projects and promote the development of export-oriented economy.

We should strive to make breakthroughs in the enterprises engaged in foreign economic relations and trade. We should promote such enterprises with fairly good conditions in order to organize and establish large-scale groups. We should transform the management mechanism of enterprises engaged in foreign economic re-

lations and trade, add impetus to management, and strengthen measures for ending deficits. At the same time, we should promote the association of a number of large-scale production enterprises, expand their business scale, and create conditions for organizing and establishing import-export enterprise groups with production enterprises as the lead. We should do a good job in the organization and coordination of foreign import and export trade; actively solve the problems which emerge after the readjustment of policies on collection of import and export duties, supervision and management of processing business, and export tax refunds; and pay attention to supporting a number of large foreign exchange-earning enterprises. We should strive to increase by a larger margin the export of industrial finished products, mechanical and electronic products, and products with high scientific and technological content.

In 1996 foreign capital actually used in Jilin should total \$950 million. In foreign economic relations, when intensifying efforts to introduce capital we should focus on enhancing the quality and efficiency of using foreign capital. We should establish and replenish the banks of projects for inviting outside investment and customer files. We should attend to large-scale projects involving the use of foreign capital as well as raise and make good use of domestic coordinated funds. We should strengthen management of foreign-funded enterprises, enhance the actual input rate of foreign capital and the rate at which foreign-invested enterprises go into operation and start businesses, and do a good job in mastering and improving imported technology. We should continuously strive to make foreign banks establish offices in Jilin. We should make every endeavor to pay back mature foreign loans in an effort to guarantee the credit of using foreign capital. We should further open the markets for contracts on construction projects abroad and labor service cooperation, emphasize management, and enhance quality. We should properly handle affairs concerning foreign enterprises, overseas Chinese, and Taiwan people. We should do a better job in receiving tourists. We should increase foreign exchange earnings.

4. We should rectify and strengthen financial and economic discipline so as to increase financial revenues.

Lax financial and economic discipline is a more conspicuous problem in current economic fields. The losses incurred due to many unhealthy tendencies in trades and the violation of law and discipline in economic fields will ultimately become financial burdens, so we should conscientiously rectify these illegal economic situations. We should realistically strengthen the internal management and economic supervision of finance, taxation, banking, customs, foreign economic relations and trade, and grain departments. We should do a good job

in auditing the implementation of local financial budgets. We should strengthen management on value-added tax invoices, export tax refunds, short-term loans made with daily interest, settlement and sale of exchange, extra-budgetary funds, and circulating funds, as well as strictly carry out relevant laws and regulations. We should conduct comprehensive inspection on financial and economic discipline; pay attention to investigating the law-breaking activities of making "two accounts," tax cheating, arbitrage, and smuggling, as well as behaviors of civil servants that seriously damage discipline; and sternly crack down on illegal economic activities.

We should energetically foster financial resources and increase financial revenues. We should further perfect a revenue-sharing financial system, improve relations between the province and cities and counties in terms of revenue distribution, strengthen the construction of financial resources of counties and townships, and mobilize the enthusiasm of various levels of financial departments for increasing revenues and reducing expenditures. We should give preferential policies to the 13 economically strong counties which the province will cultivate on a priority basis and the 10 poverty-stricken counties which the province will support on a priority basis. We should support the development of key industries and trades, relax control to develop nonstate-owned economy and tertiary industry, protect old financial resources, and foster new ones. We should manage taxation according to the law, establish and perfect the taxable income report system, strengthen management on key tax sources, and attend to the collection of miscellaneous taxes.

We should carry forward the style of developing various undertakings through thrift and hard work. We should firmly establish the ideology of leading frugal lives, oppose waste and extravagance, and concentrate financial resources on doing the things which must be done and which are beneficial. In formulating the financial budget, we should guarantee the expenditures on wages, social relief, and disaster relief; ensure the appropriate growth of agricultural, scientific and technological, and educational expenditures; and reduce the amount of public funds spent on administrative undertakings. We should actively open the service units of government departments to the public and reform the free medical service system on a trial basis. Starting from this year, we should collect educational surcharges from social groups' purchases of cars. We should include some high-grade stationery among the commodities whose purchases should be strictly controlled.

5. We should continuously reduce inflation and improve people's living standards.

Because there are many price contradictions that have accumulated from various sectors and new inflationary factors resulting from planned price readjustments, the task of realizing this year's price control target is quite arduous. We should continuously carry out the target responsibility system for price controls and strictly control new price regulation. On the premise of ensuring realization of the price control target, we should appropriately ease the price contradictions that are exceptionally conspicuous in basic industries and urban public undertakings so as to avoid greater fluctuations in prices. We should effectively use various risk and price-regulating funds and perfect the system of supervising and screening the prices of basic daily necessities and putting them on record. We should energetically rectify circulation orders, conscientiously carry out the price-tag system as well as the laws and regulations against sudden huge profits, and resolutely crack down on various behaviors involving reaping exorbitant profits by cheating. We should realistically strengthen rural price control and do a good job in monitoring the prices of agricultural products.

We should further invigorate the market circulation and guarantee the supply of people's daily necessities. We should carry out and perfect the system of making the governor and mayors take responsibility for attending to "food basket" and "rice sack" projects as well as do a good job in the production and reserves of grains, edible oil, meat, vegetables, sugar, and other major daily necessities. We should give play to the role of state and cooperative commercial units as the main channel and actively promote chain store operation in circulation fields. We should guide individual and private enterprises to do a better job in invigorating the market and serving people. We should grant the preferential policy of reducing or remitting taxation to peasants who directly sell farm and sideline products in cities.

We should strengthen urban and rural infrastructure and improve people's living conditions. We should focus on attending to the project of diverting the water of Songhua Jiang into Changchun City and the construction of urban flood-control facilities as well as strengthen the ability of large and medium-sized cities for the supply of water, gas, and heating. We should pay close attention to building the expressway around Changchun City. We should speed up building modernized communication networks and digitize telephone switchboards in rural areas, townships, and towns. We should deeply reform the urban housing system; comprehensively promote the system of accumulating funds for housing; and attend to the construction of economical houses, ????houses for relieving difficulty, and the

"comfortable housing project." For the whole year, 7 million square meters of new houses should be built in cities and towns. On the basis of developing production and increasing efficiency, we should gradually increase the income of staff and workers. We should continuously do a good job in helping the poor in urban and rural areas, and realistically guarantee the basic living conditions for staff and workers of enterprises which stop operation or operate under capacity and for the masses in disaster areas.

6. We should concentrate efforts to carry out the construction of key projects.

In line with the arrangements of the Ninth Five-Year Plan, in 1996 a number of large-scale projects started in the Eighth Five-Year Plan period will be completed and go into production. They mainly include: The first group of seven sets of equipment for the 300,000-tonne ethylene project of the Jilin Chemical Industrial Company, which will go into production in September; the 150,000- automobile project of FAW [First Automotive Work Group]-Volkswagen Automotive Company, Ltd., which will meet the capacity for which it was designed at the end of this year; and the Changchun-Siping Expressway, which will be completed in October and go into operation two years ahead of schedule. Because various sectors have thrown all their energy into these large-scale projects and people of the whole province have paid close attention to them, we should concentrate material and financial resources to guarantee the speed of these projects. At the same time, we should actively create conditions for starting a number of projects which have been defined in the Ninth Five-Year Plan. We should focus on attending to the projects which have been started, including the 60,000-tonne acrylic fiber project in Jilin Chemical Fiber Plant, the second-phase Xinyuan corn project, and the Nos. 3 and 4 generating units of Shuangliao Power Plant. We should pay special attention to reporting the following projects to the higher authorities for initial approval, including the Changchun-Jilin Expressway, the 300,000-tonne synthetic ammonia project of Jilin Chemical Industrial Company, the Songyuan 300,000-tonne corn intensive processing project, and the liquid crystal display device project. We should do a good job in the early-stage preparations for the trans-century follow-up projects.

We should actively and steadily promote the reform of the financial investment system. We should apply the legal person responsibility system to new productive and business projects. For different trades, we should promote the capital fund system and the bidding system. Investment in fixed assets should embody the principle of "ensuring the construction, completion, and op-

eration of key projects." In the arrangement of funds, we should give priority to guaranteeing the projects of agriculture, water conservancy, pillar industries, infrastructural facilities, and high- and new-tech industrialization. We should continue to strictly control new projects and rationally arrange the projects under construction. We should strengthen macro-control investment projects, ensure their success and investment returns, and avoid making wrong policy decisions on major projects.

7. We should develop various social undertakings and promote the building of spiritual civilization.

We should further enhance the level of building spiritual civilization. In line with Jilin's actual situation, we should deeply carry out education in socialism, patriotism, and collectivism; carry out education in the pioneering spirit in the new period and in vocational ethics; and resolutely resist the corrupt ideology of money worship, pleasure seeking, and extreme individualism. We should step up efforts to publicize the trans-century grand targets in an effort to arouse the fighting will of the broad masses of people. We should focus on enhancing the quality of people and the degree of urban civilization as well as carry out the activities of vying for establishing civilized cities, towns, and departments. For rural work, we should continuously attend to standardized village construction, do away with feudal and superstitious ideas, and change outdated habits and customs. We should conscientiously carry out policies toward nationalities, deeply carry out the activity of national unity and progress, and promote the stability and prosperity of minority nationality areas.

We should energetically develop various social undertakings. We should conscientiously carry out the "educational law" and strive to make nine-year compulsory education universal in a number of counties. In building spiritual civilization, we should meticulously organize the "project of producing good books, good plays, outstanding dramas, outstanding movies, and convincing articles with original ideas" as well as create more art treasures which reflect the life of the times and are well received by the people. The new provincial museum will be completed this year, and the first-phase project of the provincial radio and television tower will go into operation. We should strengthen management on the cultural market and rectify the order of the publication market. We should continuously carry out the activity of establishing clean cities and do a good job in the prevention and cure of endemic and infectious diseases. We should implement the "outline for the all-people health plan" and expedite construction of the Changchun comprehensive gymnasium. We should consolidate and develop our achievements in integrating family planning

with rural economic development, with the industrious effort of peasants in becoming prosperous and attaining a moderate level of prosperity, and with the establishment of civilized and happy families; and should actively provide excellent service. We should promote the rural old-age insurance and pay attention to helping the disabled. We should pay special attention to bringing main pollution sources under control as well as enhance the rate of purifying industrial waste gas and water and the rate of comprehensive use of solid waste materials.

We should strengthen comprehensive management of public security so as to safeguard social stability. We should organize and carry out specific struggles at the right moment in an effort to give stern blows to crimes involving: firearms, underworld gangs, narcotic drugs, serious infringements on others' property, and serious economic offenses. We should create an atmosphere in which all social sectors pay attention to and care for the healthy growth of youngsters as well as resolutely crack down on crimes of abduction, trafficking in, and abuse of women and children. We should strengthen rural public security and concentrate our efforts to wipe out the evil force of village bandits and tyrants who act like overlords in home villages and towns. We should resolutely ban illegal religious activities. We should deeply launch a struggle to investigate and ban "pornography, gambling, and narcotic drugs." We should further strengthen the self-improvement of public security and judicial ranks as well as strengthen traffic management, firefighting, frontier defense, and the patrolling of the urban people's police.

8. We should strengthen diligent and honest administration and carry out various tasks to the letter.

The new situation and tasks have set higher demands on the work of the government. Therefore, we should further emancipate our minds, renew ideas, boldly bring forth new ideas, have courage in competition, strengthen the initiative, foresight, and creativity of our work, and enhance our policymaking level and ability to control the overall situation. In line with the demands of the two fundamental changes, we should improve the style of leadership and the method of our work as well as realistically transfer the government's main efforts to attend to the macroeconomy, major tasks, and work priorities. We should conduct an all-round inspection on implementation of the reform of various levels of government organs and the system of public servants in an effort to define functions, carry out the system of job responsibility, and prevent augmenting personnel and upgrading organs in disguised form. We should promote the reform of institutions and the personnel system. We should do a good job in training public servants and make special efforts to enhance the political and

professional quality of cadres of government organs at and above the county and section level.

We should seek truth from facts, deal with concrete matters relating to work, and devote great efforts to resolving practical problems. We should resolutely overcome bureaucracy and formalism, energetically cut down meetings and documents, and strictly control various appraisal activities. Leading cadres should go down to grass-roots organs more, conduct investigation and study, experience and observe public feeling, directly lead people, avoid empty talks, do more practical things, and strictly prevent false and exaggerated reports. Various government departments should enhance efficiency, strengthen their concerted efforts, and take the initiative in overcoming the difficulties which exist in reform and development. We should establish and perfect the system of maintaining ties with the masses; pay attention to and conscientiously handle people's complaints reported in their letters and visits; do a good job in monitoring, supervising, and inspecting major tasks and the problems which cause strong resentment from the masses; pay special attention to implementation of work; and genuinely and sincerely rely on the masses to successfully carry out various tasks.

We should strengthen honest administration and unswervingly carry out the anticorruption struggle. We should further perfect various systems on fighting against corruption and advocating honest administration as well as carry out various regulations on keeping leading cadres honest and self-disciplined. We should intensify efforts to investigate and deal with major and serious cases, thoroughly investigate anyone who is involved to the end, and sternly deal with them according to law. We should continuously lay focus on alleviating peasants' burdens, straightening out the construction market, rectifying the situation of arbitrarily collecting fees and fines and establishing check posts in highways, and banning the wanton collection of fees in middle and elementary schools; check unhealthy tendencies in departments and trades; and formulate and carry out measures that can effect a permanent cure. We should strengthen supervision on the masses and public opinion, add impetus to law-enforcement supervision, and do a good job in training administrative law-enforcement personnel. Various levels of leaders should deepen the recognition of the importance and protractedness of fighting against corruption, regard work efficiency as a basic standard, pay attention to self-respect and self-vigilance, be strict with themselves, take the lead in fighting against a corrupt situation, and consciously emphasize study, politics, and a healthy atmosphere.

Fellow deputies, the next 15 years are at the turn of the century. Building a better Jilin is the strong aspiration of people of various nationalities in Jilin and also the historical heavy responsibility which various levels of governments should shoulder. We should more closely rally around the party Central Committee with Comrade Jiang Zemin as the core. Under the leadership of the provincial party committee, we should make concerted efforts, go all out to make the country strong, and work hard for making Jilin enter the 21st century with a completely new appearance.

#### PRC: Expressways To Link Changchun With Other Cities in Jilin

OW1803015296 Beijing XINHUA in English  
0121 GMT 18 Mar 96

[FBIS Transcribed Text] Changchun, March 18 (XINHUA) — Four express highways are expected to become the roadway to economic expansion in northeast China's Jilin province.

Provincial capital, Changchun, will become the hub of the new network of major arteries, giving the whole area a real shot in the arm.

Jilin's first super-highway, from Changchun to Siping, is scheduled for opening in October. The three others, including two expressways linking Changchun with the cities of Jilin and Yingcheng, and the Changchun express ringroad, are projected for completion next year, the provincial communications department told XINHUA.

With upgraded rail transport, the province has shifted its transport-construction aims to road building in the past few years, bringing a boom for expressway development.

The four expressways, which will cost an estimated 6.4 billion yuan, stretch for 337 km, the source said.

The Changchun-Siping expressway is already 70 per cent finished after work started in 1994, and was originally earmarked for completion in 1999, thanks to the use of loans totalling 126 million US dollars from the Asian Development Bank.

In the meantime, investment has been promised this year for Changchun's ring expressway and the super-highway to Yingcheng.

**PRC: New Technology Boosts Economic Growth in Shenyang***OW2003041396 Beijing XINHUA in English  
0335 GMT 20 Mar 96*

[FBIS Transcribed Text] Shenyang, March 20 (XINHUA) — New technology in enterprises generated 70 percent of annual economic growth in Shenyang, capital of northeast China's Liaoning Province, during the past five years.

It means that 40 percent of technological advances introduced during the 1991-1995 period helped to boost the economic returns of local enterprises. This was a significant improvement compared with the 1986-1990 period.

The past five years saw the city invest a total of 15.38 billion yuan, almost double the figure during the previous five years. The spending was in over 2,000 projects to bring in new technology, with most now in operation, and expected to add 35 billion yuan in output value.

Of the total investment, 8.04 billion yuan was injected into local pillar industries, such as machines tools, general machinery, automobiles, computers, medicines and chemical items.

These key industries generated a total of 54.2 billion yuan in output value in 1995, and earned six billion in pre-tax profits, accounting for 63 percent and 52 percent of the city's corresponding industrial total, respectively.

During the past five years, the city developed more than 13,000 new products, 10,000 of which were put into production, increasing output value by 34 billion yuan.

**PRC: Shenyang Develops More Scientific, Technology Zones***OW1403034596 Beijing XINHUA in English  
0334 GMT 14 Mar 96*

[FBIS Transcribed Text] Shenyang, March 14 (XINHUA) — Scientific and technological zones in this capital city of Northeast China's Liaoning Province have witnessed substantial development in recent years.

The Torch Building, a symbol of the initiation of the city's scientific and technological zones, was opened to businesses in May 1995.

The building has become the center for new and high-tech development, international trade, and worldwide scientific and technological co-operation, with more and more world-renowned companies like IBM, AT&T, Siemens and National setting up ventures there.

By the end of last year the total income of the building, which houses over 150 companies, reached 500 million yuan (about 59 million US dollars).

The Nanhu Science and Technology Development Zone specializes in new and high-tech projects including electronics, information, integrated electro mechanics, biological technology, new materials, energy and environmental protection.

The zone has also speeded up the construction of 50 new and high-tech production bases, and its economic returns last year amounted to 4.85 billion yuan, as well as an export worth 25 million US dollars.

The zone approved 52 projects last year, with a total contracted investment of 154 million US dollars.

The construction of the Beiling Spark Technology Zone, the first of its kind at state-level and approved in 1992 by the State Science and Technology Commission, is making rapid progress.

The zone realized an industrial output last year valued at four billion yuan.

Meanwhile, the city has helped the development of new and high-tech industries in its 13 counties and districts.

**PRC: Liaoning To Develop Aquatic Farming***OW1303234596 Beijing XINHUA in English  
0859 GMT 13 Mar 96*

[FBIS Transcribed Text] Shenyang, March 13 (XINHUA) — Aquatic farming is to be stepped up in Northeast China's Liaoning province during the next five years.

The province, which already earns one billion yuan a year from its aquatic industries, has mapped out a program to expand the use of 20 aquatic techniques.

According to the program, the contribution from science and technology will be 55 percent of aquatic production in the coastal province during the last five years of this century, up 15 percentage points from the current share.

The 20 techniques include technology for the prevention and control of diseases, and breeding of major aquatic species, such as prawn, shrimp, scallop, and fish farming.

The program also aims to set up research into intensive processing, as well into food and pharmaceutical products based on aquatic products.

The total aquatic farming area covers 15,555 hectares.

**PRC: Shenyang Establishes Unified Social Security System**

*OW1303234496 Beijing XINHUA in English*  
*0809 GMT 13 Mar 96*

[FBIS Transcribed Text] Shenyang, March 13 (XINHUA) — Shenyang, the capital of northeast China's Liaoning Province, has established a unified social security system in recent years, providing pension insurance, unemployment insurance, and worker's compensation for a wide range of people in the city.

Shenyang has nearly two million people employed by a wide range of businesses, accounting for 50 percent of the urban population.

By the end of last year, more than 1.8 million people in over 9,000 enterprises and units, or 97 percent of the total number of employees, were covered by retirement benefits. Of these, 540,000 were retired people.

Also, 570,000 employees in 4,800 enterprises have insurance that covers them for injuries on the job and 410,000 employees in 5,000 enterprises are protected by unemployment insurance.

Those employees covered by accident insurance have so far received a total of five million yuan in compensation.

To get more people to take part in the social insurance system, the local government is set to insurance cards to those who participate.

**PRC: University in Shenyang 'Base' for Computer Education**

*OW1203075596 Beijing XINHUA in English*  
*0714 GMT 12 Mar 96*

[FBIS Transcribed Text] Shenyang, March 12 (XINHUA) — The software center at Northeast China Uni-

versity in the capital of Liaoning Province has become a national base for computer education.

Liu Jiren, director of the center, said that the center has not only produced many young scientists in the field of computer science, but has also put on various training programs covering everyone from government officials and staff members of units to beginners who range in age from tiny tots to elderly people who are 70 or more.

To date, many people from over 100 units nationwide have taken advantage of the services that the center offers, Liu said.

The center provided more than 100 computers and related equipment, along with free consultation service and instruction by technicians to a computer club that was set up jointly with the city government last year.

The center has also held a series of radio programs that deal with computer science. It has also made an attempt to increase exchanges and cooperation with well-known computer companies from around the world, such as IBM and AST.

**PRC: Liaoning Names President of Higher People's Court**

*SK0503064496 Shenyang LIAONING RIBAO*  
*in Chinese 11 Feb 96 p 2*

[FBIS Translated Text] On 10 February, the fourth session of the eighth provincial people's congress elected Fan Fangping [5400 2455 1627] president of the provincial higher people's court.

**PRC: Prospects for Further PLA Actions Viewed**  
*NK2203074896 Hong Kong WEN WEI PO in Chinese*  
22 Mar 96 p a3

["Special article" by staff reporter stationed in Fujian:  
"Viewing PLA Exercises in Fujian—Strong Military  
Pressure Will Be Maintained From Western Shore of  
Taiwan Strait"]

[PTS Translated Text for FBIS] The second round of exercises in Taiwan [as published] of the People's Liberation Army [PLA] reached a successful conclusion on 20 March, and the third round of exercises are under way in Pingtan's sea area in all their intensity. Will the PLA attack Taiwan's "outer islands" during the third round of exercises? Will there be new action in their wake? That is the world focus of discussion and concern.

#### **Attack, Seizure of "Outer Islands" Is Very Unlikely**

A general survey of history from time immemorial shows that both military exercises and military action are means, and each has its purposes. The recent consecutive PLA military exercises serve two purposes: First, improving the army's military quality and modern operational level; and second, demonstrating its strength to contain Taiwan independence and safeguard unity. In a certain sense, the second purpose of the current exercises is more important than the first. Despite the fact that the third round of exercises has not yet concluded, the expected effects of the exercises can be felt in viewing the present situation. Such being the case, even though some people say that the cream of the Chinese army has already been deployed in Lianjiang, which faces Matsu on the opposite shore and has been in combat readiness for quite a while, military observers hold that the exercises will not, and have no need to, escalate to military action. The attack and seizure of Taiwan's "outer islands," such as Quemoy and Matsu, during the exercises is very unlikely.

#### **Masses Lose Patience With Li Teng-hui**

In respect of the widely rumored speculation that the PLA is to attack and seize Taiwan's "outer islands," there are good reasons for it, and the reasons vary at that. With ulterior motives, the Taiwan authorities spread that specific speculation in an attempt to distort the mainland's policy toward Taiwan, misguide the Taiwan compatriots, and beg for foreign backing. Mainland compatriots, especially Fujian people, are heartbroken because of Li Teng-hui's speeches and actions of splitting the motherland, and thus have lost patience. The majority of people believe the speculation to be true rather than otherwise.

In Pingtan, which is the site of the third round of exercises, the horror that took place three years ago is still fresh in the memories of the masses. When the Taiwan authorities returned 25 illegal immigrants, they had suffocated to death by being shut in a cabin with all openings nailed shut on the voyage. Thirty to forty percent of the fishermen on this island have experienced being threatened by the guns and bullets of soldiers stationed on Taiwan's outer islands; and for that reason quite a few people have left their boats and taken up agriculture. It is their constant hope that the motherland will be reunited, with peace prevailing in the Taiwan Strait. However, Li Teng-hui has moved increasingly further away from reunification. They are so heartbroken that naturally they hope that the PLA will help them air their grievances by teaching Li Teng-hui a lesson.

#### **Units Participating in the Exercises Are Expected To Stay in Fujian**

Will the PLA take military action against Taiwan's "outer islands" in the future? Will it carry out a fourth round of exercises? Of course, that does not depend on the PLA, nor on mass sentiment on the mainland, but entirely on the Taiwan authorities's attitude toward reunification of the motherland. Under the circumstances that the Taiwan authorities continue to cling to their diehard stance, it is imperative to continue to maintain a strong military pressure from the west shore of the Taiwan Strait.

During the years of confrontation between Taiwan and the mainland, large numbers of troops were stationed in Fujian, which was the front line of coastal defense, with numerous military base installations being built, including a large number of barracks, airfields, and naval ports. In the wake of the relaxation in cross-strait relations, the troops pulled out, and the barracks lay idle, while the airfields and naval ports were converted to civil use. Most units participating in the current exercises have been accommodated in tents or civilian houses. It is said that most recently, they were beginning to move into newly built movable houses, and were ready to use former barracks as well as installations on former bases. All signs indicate that it is most likely that the units participating in the exercises will stay in Fujian. In the eyes of military experts, the expenditure for the units in Fujian will not exceed that required if they returned to the places in which they used to be stationed.

#### **Investment by Taiwan Businessmen in Fujian Keeps Rising**

With respect to maintaining a strong military pressure from the Western shore of the Taiwan Strait, some peo-

ple worry that it might cause a retrogression in Fujian-Taiwan economic and trade relations, thus affecting Fujian's economic construction. However, facts have already shown that such worries are unnecessary. Last year, cross-strait relations tended to be tense, but it was a year that saw a large-scale growth in investment by Taiwan businessmen in Fujian; and the momentum remains strong in the first quarter of this year. This shows that people on both shores of the strait are full of confidence in the great cause of reunification, and that the Taiwan independence forces can hardly accomplish anything. It is learned that Fujian Provincial People's Congress and the provincial Chinese People's Political Consultative Conference to be convened early in April are to deliberate the provincial Ninth Five-Year Plan and the long-term goals for 2020. The central task of these two plans is to build southeastern Fujian into a prosperous zone of the two shores of the strait. From top to bottom, there is a common understanding in Fujian, namely: They are to pursue construction with one heart and soul; however, for the territorial integrity of the motherland, construction is to be halted whenever it is called for; efforts will be focused on construction anew in the wake of the reunification of the motherland.

Not long ago, Li Teng-hui said that there are 18 "plays" he can conduct. Now, facing one round of exercises of the PLA after another, he has only one play to act in; that is precisely to wake up to and escape disaster at the last moment and return to the path to the reunification of the motherland.

**PRC: Preconditions for Attack on Taiwan**

*HK2203100896 Hong Kong HSIN PAO (HONG KONG ECONOMIC JOURNAL) in Chinese*  
22 Mar 96 p 23

["Beijing Political Situation" column article by Jen Huiwen (0117 1979 2429) "The 10 Changes CPC Does Not Want To See in Taiwan"]

[PTS Translated Text for FBIS] Beijing, 20 Mar—Beijing sources say that to improve the People's Liberation Army's [PLA] combat effectiveness, raise the Army's level of modern warfare, display the Army's capability to safeguard national sovereignty and territorial integrity, and contain Li Teng-hui's acts of breaking up China and pursuing Taiwan independence under cover of favoring reunification, the CPC Central Committee and the Central Military Commission, after making meticulous arrangements, staged the three rounds of war games, involving a considerable number of officers and men from the three forces, in the East and South China Seas from 8 to 25 March, that is around the time of Taiwan's presidential election scheduled for

23 March, adding that the possibility of the war games being escalated cannot be ruled out.

**War Games, Preparations for Attacking Taiwan** In the meantime, an authoritative figure points out that China stages military exercises in international waters strictly according to "international law." No foreign warships and planes are allowed to encroach upon Chinese territory. If they intrude into Chinese territorial waters or airspace without permission, China has the right to exercise control to underscore China's stance of opposing foreign armed intervention in China's internal affairs and of the Chinese solving China's issues themselves.

The source said: The three rounds of war games were arranged as follows: In the first round, surface-to-surface missile-firing drills were conducted in the East and South China Seas from 8 to 15 March; in the second round, sea-air live-fire exercises were staged in the East and South China Seas from 12 to 20 March; and in the third round, large-scale triphibious military maneuvers were performed off Pingtan, Fujian from 18 to 25 March. The three rounds of military exercises were codenamed Bodyguard 96-8, Bodyguard 96-12, and Bodyguard 96-18 respectively. The guiding principles for the series of military exercises were: Forced landing, crushing the opposing side rapidly, and fighting a quick battle to force a quick decision. Forced landing was conducted in three stages: Forced crossing, racing to occupy beaches, and enlarged landing. It is believed that the People's Liberation Army [PLA] is in a position to achieve this, meaning that judging from various battle factors, including the armed forces involved, the quality of the armed forces, military equipment, and geographical conditions, the PLA is fully capable of solving the Taiwan issue by force.

Military experts in Beijing point out that the military exercises conducted by the PLA since early March, namely, the firing of surface-to-surface missiles into sea areas close to Keelung and Kaohsiung, the sea-air exercises in the East and South China Seas, and the three-forces exercises off Pingtan, are comprehensive, coordinated combat exercises involving many armed services, intended to form a three-dimensional attack by bringing into play the striking power of many armed services in order to wipe out the opposing side's effective strength, and fighting and rapidly winning decisive battles. In other words, the military exercises were designed to show that the PLA has the capability to cross the Taiwan Strait and press forward onto Taiwan.

### There Are More Than Two Preconditions for an Armed Attack Against Taiwan

The source said that the military exercises were actual combat drills in attacking Taiwan by force. This is an inevitable expression of the CPC's refusal to promise to renounce the use of force. As is known to all, the CPC has set the following two preconditions for the use of force against Taiwan: 1) Foreign intervention or invasion; 2) Taiwan's declaring independence. When bringing forward the "eight-point" proposal on 30 January last year, CPC General Secretary Jiang Zemin made the same statement.

Nevertheless, when making a speech at the rally marking the first anniversary of the publication of the "eight-point proposal," Premier Li Peng spectacularly set forth three conditions for the use of force against Taiwan, adding the condition "great chaos in Taiwan" to foreign intervention or invasion and Taiwan's declaring independence. In fact, the three conditions for the use of force were advanced by Deng Xiaoping in the early 1980's. Later the CPC implemented the principles of "peaceful reunification and one country, two systems" by proposing negotiations between the Kuomintang and the CPC because civil strife was unlikely in Taiwan. Taiwan's economy grew rapidly, ranking first among the four little dragons of Asia, and its foreign exchange reserves ranked second in the world. The reason for the CPC's mentioning the third condition again was that since last year, Taiwan has witnessed serious economic recession, a large amount of capital flight, stock market crashes, social unrest, endless chaos in the political arena, and a growing feeling of insecurity in society.

Since the United States granted an entry visa to Li Teng-hui in June last year, Sino-U.S. and cross-strait relations have become increasingly strained. Accordingly, some people suggested to the CPC authorities that it should consider using force against Taiwan in case of any one of the following conditions: 1) Taiwan produces or owns nuclear weapons; 2) Taiwan is admitted into the United Nations; 3) a considerable number of Western countries support "Taiwan independence"; 4) Taiwan enters into a military alliance with Western countries; 5) foreign countries set up military bases in Taiwan; 6) Taiwan's economic lifelines come under U.S. control; and 7) Taiwan carries out military provocation against the mainland.

Taiwan experts in Beijing say the above seven conditions (some are no different from the three conditions mentioned earlier) are the last things the CPC authorities wish to see, because they are all detrimental to reunification. It is believed the CPC will decide upon countermeasures in light of the changing situation.

### Military Exercises Abiding by Law Will Not Provide a Subject for Criticism

The source said that while planning the series of military exercises against Taiwan, the CPC authorities saw to it that the maneuvers complied with "international law" so as not to provide a subject for criticism. To this end, China, as a signatory state to the International Maritime Organization Convention, tasked relevant departments with scrutinizing the "International Maritime Organization Convention," the "Law of the People's Republic of China on Territorial Waters and Contiguous Zones," and other relevant legislation, and solicited many legal experts' opinions. After making a decision on the military exercises, China released an announcement and made sure the military exercises were conducted within the areas described in the announcement. This shows that China observed the law to the letter in staging the military exercises.

At the same time, China appealed to foreign countries to obey the law. According to China's laws, its territorial waters extend 12 nautical miles from the coast plus a 12-nautical-mile contiguous zone bordering the territorial waters. So foreign military vessels must obtain the Chinese Government's approval before entering Chinese territorial waters, and foreign aircraft are not allowed to enter Chinese airspace without the Chinese Government's permission. If anyone violates "international law," ignores China's laws, and encroaches on Chinese territorial waters or airspace, China has the right to act against the lawbreaker within the contiguous zone.

It is precisely because China's military exercises are reasonable and law-biding that when the U.S. Navy dispatched a fleet to operate near the Taiwan Strait in response to China's military maneuvers, Li Peng, at the 17 March conference for domestic and foreign reporters, solemnly said, in reference to the U.S. act: "The practice of imposing a country's will upon another country is absolutely unacceptable to the Chinese Government and people. If any country threatens China with force, it will not come to a good end, as has been proved by history."

Experts on Sino-U.S. relations in Beijing said Li Peng responded on just grounds, to China's advantage, and with restraint. The Taiwan issue is China's internal affair. China has conducted normal military exercises, which comply with international practice, and no country has the right to interfere. If the United States intends to practice "gunboat diplomacy" as a "marine power" and goes so far as to make war on China, relying on Li Teng-hui for support, it can be judged from historical experience that China will emerge victorious in the end.

and Taiwan will be "liberated" earlier after experiencing a baptism of fire.

**PRC: Direct Election in Taiwan Creates Split**

*HK2203084896 Hong Kong TA KUNG PAO  
in Chinese 22 Mar 96 p A2*

[Editorial: "Li Teng-hui Creates Split Under Pretense of 'Direct Election'"]

[PTS Translated Text for FBIS] In Taiwan, the voice attacking Li Teng-hui's conduct pursuing "Taiwan independence" is growing louder.

Some political figures have lashed out at Li, saying: "Li Teng-hui overtly calls for reunification but covertly works for independence, and he superficially seeks reunification but actually pursues independence." "Since Li visited the United States last June, cross-strait relations, which originally developed steadily, started to deteriorate gradually and reached the current dangerously explosive situation." Li "has brought crises to the Taiwan people" and "taken the 21 million Taiwan people as a political stake."

If Li is allowed to go farther down the evil path of "Taiwan independence," it will surely bring suffering to the Taiwan people.

Today, in unswervingly opposing Li Teng-hui's pursuit of "Taiwan independence," the Chinese Government and people take into account the interests of the Taiwan people and, of course, want to protect the fundamental interests of the Chinese nation. Li has interpreted the denunciations of his "Taiwan independence" conduct by the Chinese Government and people, as well as the People's Liberation Army military exercises, as opposing elections and "fearing for democracy." This is sheer nonsense, and it is also a method with which he deceives the public.

The Chinese Government's basic principle of "peaceful reunification and one country, two systems" has made it very clear that after reunification, Taiwan will maintain its original capitalist system and practice a high degree of autonomy, including the election of local leaders by the Taiwan people and the central government's promise not to send officials to Taiwan. This represents respect for the democratic rights of the Taiwan people, who may elect local leaders. The problem is that the current "direct election" includes Li Teng-hui's evil intention, and this cannot but arouse the serious concern of the Chinese Government.

As Taiwan is a region of China, how can the people of a region elect a president? Since Li is inciting the Taiwan people to elect a "president," isn't Taiwan being regarded as a "sovereign state?"

Under the pretense that "sovereignty belongs to the people," Li has always advocated that "Taiwan's future should be decided by the 21 million Taiwan people." He feels that after becoming a "popularly-elected president," he can decide Taiwan's "future" on behalf of the Taiwan people, and then, with "perfect justification," carry out splittist activities to establish a "state" with "independent sovereignty."

Li's trick of creating a split and pursuing "Taiwan independence" under the pretense of "direct elections" has been fully exposed. As pointed out by some political figures in Taiwan, in the current election, the formulations of "forsaking Peng [Ming-min] to protect Li [Teng-hui]" and "forsaking Li to protect Peng" are flexible tactics aimed at winning substantive victory for the notion of Taiwan independence. This also fully shows that Li is really pursuing "Taiwan independence."

Every country has complete [wan zheng 1346 2419] sovereignty, which can neither be divided nor shared. The PRC Government represents the whole of China and exercises state sovereignty. As a part of China, Taiwan cannot have independent sovereignty, nor can the people of this region decide the future of the region by vote. Any attempt to prove, by means of Taiwan people "directly electing" their "president," that Taiwan is a sovereign state rather than a province will be futile.

Li Teng-hui boasts the "direct election" they are carrying out as "democratic politics" and as something "China has never had for the past 5,000 years." He has lost all sense of shame!

Recently Beijing has carried one article after another exposing the election carried out by Li Teng-hui as a vicious practice of dirty money politics. Here we would like to quote one passage: With regard to the "various general elections in Taiwan" which Li Teng-hui has flaunted everywhere, with money opening the way and factional interests placed above all else, how can they be just? With covert vote-buying and transfer of interests, how can they be open? With rampant practice of bribery at elections and collusion between power and money, how can they be fair? In Taiwan, "money" [jin niu 6855 3662], triad societies, political factions, and local and sectarian forces control elections, developing them into the unique "election culture" of Taiwan. Isn't this the "sorrow of Taiwan democracy?" What a telling disclosure this is!

There are more such disclosures in Taiwan. As a political figure put it: "As a candidate, Li Teng-hui has gone so far as to attend 500-table, 1,000-table, and even 2,000-table feasts, as well as other activities. He has unscrupulously set the worst example in the course of democratic development." Others say: Li has created a

"democracy disaster." "He calls himself a democratic reformer, but in fact he is a destroyer of democracy." Still others say: Such a "pseudo-democratic element" as Li Teng-hui should be "cast aside."

Li boasts of and is keen on the "general elections" because he wants to take advantage of the changes in election methods to pursue "Taiwan independence" under the cloak of legality. This of course is intolerable, and the greatest majority of the Taiwan people will never agree to it. Consequently, the Chinese Government has repeatedly affirmed: There is only one China in the world, and Taiwan is an inalienable part of China. No matter how the ways of producing a leader in Taiwan may change, the fact that Taiwan is part of China's territory will not change and the fact that the leader in Taiwan is only the leader of a region in China will not change.

A few days ago, the U.S. House of Representatives passed a resolution openly advocating that "the United States should help defend Taiwan." The Chinese Government has expressed firm opposition to and strong indignation [jian jue fan dui he qiang jie fen kai 1017 0414 0646 1417 0735 1730 3525 2001 1980] at this. As the Chinese Foreign Ministry spokesman pointed out: "Taiwan is China's sacred territory and not a protectorate of the United States." "Some people in the United States vainly hope to obstruct by force the national aspiration of the Chinese people to achieve national reunification. They are doomed to failure." If Li Teng-hui invites and relies on U.S. forces to protect "Taiwan independence," resulting in an unfortunate incident across the strait, he will be condemned by history.

**PRC: Tang Shubei Says Climate Not Right for ARATS-SEF Talks**

*HK2203052396 Hong Kong WEN WEI PO in Chinese 22 Mar 96 p A1*

[Dispatch by staff reporter Wang Yen-ping (3769 3601 1627): "Tang Shubei Says Atmosphere Is Still Absent for Resumption of ARATS-SEF Talks, Calls For Return to 'One China' Principle"]

[PTS Translated Text for FBIS] Beijing, 21 Mar—Tang Shubei, executive vice chairman of the Association for Relations Across the Taiwan Strait (ARATS), has said that the atmosphere for resuming talks between ARATS and the Straits Exchange Foundation (SEF) is still lacking at the present stage. He pointed out that only when Li Teng-hui returns to the one China principle with practical actions will cross-strait relations become stable.

Tang attended the legal subgroup meeting of the Preparatory Committee of the Hong Kong Special Ad-

ministrative Region in Beijing today. When a reporter asked about the strained cross-strait relations, he said: Anyway we want to tell the common Taiwan people that it won't do to become independent or practice two Chinas. If people depart from the one China principle, cross-strait relations will not become stable.

When asked what action the mainland would take if Li Teng-hui won in the presidential elections, Tang indicated: If anyone, no matter who, goes on pursuing Taiwan independence or splittist activities, the struggle will not stop. But nongovernmental contacts are still welcome.

**PRC: Li Teng-hui Blamed for Taiwan's Economic Problems**

*OW2203020096 Beijing ZHONGGUO XINWEN SHE in English 0116 GMT 21 Mar 96*

[Roundup by reporter Fu Houmin (0265 0683 7044): "Li Denghui Sets Back Taiwan's Economic Growth"]

[FBIS Transcribed Text] Hong Kong, 21 Mar (ZXS) — Many statistics concerning Taiwan's economic development show that, because of cross-strait tensions created by Li Denghui's [Li Teng-hui's] separatist activities and his promotion of "Taiwan independence," Taiwan currently is beset with social unrest and its seriously buffeted economic growth is declining.

Taiwan's unsatisfactory economic performance in 1995 can be observed from many of its economic indicators, which were the lowest in recent years. Especially after his true features of promoting "two Chinas," or "one China, one Taiwan" were exposed after his trip to the United States in June last year, the island's economic situation took a sharp turn and began to decline noticeably. The actual problems can be observed in the following: First, Taiwan's 1995 economic growth failed to reach the original target of 6.4 percent, and the 4.9 percent growth during the fourth quarter was way below the target. Second, Taiwan's stock market registered the sharpest fall last year, and the stock market's weighted index fell more than 1,400 points. This 23.75-percent drop was unusual in recent years. Third, because of maladjustment of supply and demand in the real estate market, real estate prices fell by 10 to 30 percent. Fourth, Taiwan was beset by one financial crisis after another last year. The amount of money which depositors withdrew from their banks reached hundreds of billion of New Taiwan Dollars; and because of financial institutions' numerous malpractices, depositors were alarmed and they complained that their interests were unprotected. Fifth, because of the economic slowdown, the island's unemployment rates reached a record high in a decade. And because of

political unrest, manufacturers were downbeat of the island's investment environment, causing a serious capital outflow. Since July 1995, the island's capital outflow has exceeded \$18 billion, and the island's foreign exchange reserves have plummeted to the lowest in 20 months, falling from \$100.4 billion in mid-1995 to \$89 billion now.

Observers believe that, like last year, Taiwan will continue to be affected by a serious economic recession this year. Taiwan's "Ministry of Economic Affairs" admits that Taiwan will continue to face an economic dilemma this year. This is because: A considerable number of major investment projects which exceed 200 million New Taiwan Dollars each have been suspended; it is estimated that nongovernment sectors will not be able to reach their investment projects for the first quarter; and the growth of imports and exports during the first two months this year was noticeably lower than last year's 20 percent growth, especially the exports to the United States and Hong Kong, the two principal markets of Taiwan's export goods. Moreover, the island's auto, steel, rubber, and six other trade unions have reported problems with buyers' orders and raw material supply.

Taiwan's economic circles have pointed out bluntly that it is Li Denghui who is to blame for all these problems. They say that the bad results caused by Li Denghui's attempt to expand the island's "international living space" and promote "two Chinas," or "one China, one Taiwan" in total disregard of the interests of Taiwan's 21 million people have also fully exposed the weaknesses of Taiwan's "bubble economy." They say that Li Denghui should be held fully responsible for the political and economic crisis now confronting Taiwan.

Taiwan's "CHING-CHI JIH-PAO" recently pointed out in an editorial that whether or not the current cross-strait tensions can be alleviated has become the key issue determining whether Taiwan's economy can grow this year. The editorial also maintained that, if the tensions between the two sides cannot be alleviated soon, there will be even more uncertainties, Taiwan's economy will continue to recede, and Taiwan's economic slowdown will be even more serious than that of last year.

The cross-strait tensions created by Li Denghui have virtually dashed the Taiwan people's hopes for peace and stability. However, it appears that Li Denghui has yet to acknowledge this causality, and that he still is obstinately sticking to his course. Taiwan will not be possible to extricate itself from its political and economic dilemma when the root problem has not been eliminated.

**PRC: Article Questions Li Teng-hui's Loyalty, Honesty**

*OW2103134096 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0417 GMT 20 Mar 96*

[Special article by ZTS reporter He Jixiong (0149 2623 7160): "Li Denghui's Loyalty and Honesty Called Into Question"]

[FBIS Translated Text] Hong Kong, 20 Mar (ZTS) — The issue of Li Denghui's [Li Teng-hui's] loyalty and honesty recently has been called into question in Taiwan.

Regarding Li Denghui's honesty, Lin Yanggang [Lin Yang-kang] pointed out that "he did betray his comrades in the past, and so he may betray the people of Taiwan." According to Taiwan's media, Gu Zhengwen [Ku Cheng-wen], who personally interrogated Li Denghui, also testified that Li Denghui betrayed Taiwan Province's Urban Work Department [cheng gong bu 1004 1562 6752] and many comrades there.

In response to rumors that he was a communist betrayer, Li Denghui denied them by saying "I have never joined a communist party"; and tried to cover it up by saying "I was used by others" and threatened to settle accounts afterward.

Gu Zhengwen, former head of the Detective Group of the Secret Keeping Bureau of the General Staff Division of Kuomintang's [KMT] National Defense Ministry, recently held a news conference, at which he testified that Li Denghui not only was a communist, who later defected to the KMT's Investigation Bureau, but also betrayed many people. He said: "Families of Ye Chengsong, Zhang Bikun, and other people who were executed after they were betrayed by Li Denghui all knew that it is this Li Denghui who informed against and betrayed his comrades. These people may be asked to testify." According to the Taiwan Provincial Garrison Command's written judgment sentencing Ye Chengsong, Zhang Bikun, and other people to death, Gu Zhengwen said it was Li Denghui who introduced Ye Chengwen and Zhang Bikun to join the communist organization at the University of Taiwan.

Gu Zhengwen pointed out that Li Denghui became a communist in 1947, when he joined the students movement committee of the "Taiwan Provincial Work Committee," which was established by Ye Xiaoxian, who was sent to Taiwan by the CPC's Southeast Bureau in Shanghai. The organization was uncovered in April 1950, and Guo Xiuzong reported on Li Denghui and other people, and Li Denghui later provided names of another 20 to 30 people, thus completely destroying the communist organization.

From Li Denghui's career, background, and from the money Gu Zhengwen had been offered and persecution he had undergone, Gu said Li Denghui, incumbent Taiwan "president," was the person whose case he investigated and with whom he talked for 10 minutes. Gu Zhengwen said: "Li Denghui was used to sitting on one-third of a chair; I was deeply impressed by this."

Gu Zhengwen said: Since I revealed these facts, I have received many threats over the phone, and the Li Denghui-Lien Chan election campaign headquarters wrote me a letter asking me to shut my mouth. But I am answerable to history and the people of Taiwan; I particularly should be legally and morally responsible.

On the issue of Li Denghui's honesty, after the case was made known to the public in which he evaded taxes three times and acquired the Hongshi Villa by trick, he claimed that he bought the villa for his daughter-in-law and granddaughter because his son had died. But Taiwan's media reported that, before Li Denghui bought the Hongshi Villa, his granddaughter Li Kunyi, who was only 5 or 6 at the time, had already bought a luxury house at Yat-sen Road, Taipei. At a recent news conference, Lin Yanggang, another "presidential" candidate in Taiwan, showed for the first time a copy of household registration certificate and a copy of residential house registration certificate showing that the house at the Yat-sen Road bought in the name of Li Kunyi has a floor space of 123 ping, and is currently worth about 50 million new Taiwan dollars.

Taiwan writer Li Ao also held a news conference on the Hongshi Villa case, at which he showed evidence to accuse Li Denghui of purchasing a plot of irrigation land, and, only 15 days later, turned it into category-3 construction land. He also accused Li Denghui of acquiring through trickery a house worth 166 million new Taiwan dollars at an evidently inappropriate price (3.2794 million new Taiwan dollars); and said that after acquiring the house, Li Denghui evaded legally imposed taxes for three times.

#### **PRC: Mainland Reporter Reports on Visit to Taiwan**

*HK2203101296 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 15 Mar 96 p 4*

[Report by staff reporter Wang Jin (3769 6210): "On the Other Side of the Strait — What One Sees and Hears in Taiwan"]

[PTS Translated Text for FBIS] Before my trip to Taiwan, whenever I opened a map of China I could not help fixing my eyes on the piece of land that resembles the leaf from a banana tree that floats to the south of the motherland's continental shelf. As a Chinese reporter

my footsteps had covered all 30 provinces, autonomous regions, and municipalities on the mainland, but I was never able to visit Taiwan and have personal experience there. Therefore it could not be said that I had been to every corner of China.

Luckily, in mid-January this year, I eventually had a chance to set foot on Taiwan, accompanying the Chinese Exhibition Troupe showing garments from various dynasties.

#### **Awkwardness Resulting From Traffic Jam**

In a drizzle on the evening of 19 January, we arrived at a hotel in a limousine arranged by the host from Taipei's Taoyuan Airport. On that very evening, Taipei left the impression of being veiled. On the next day, the drizzle stopped and it was sunny; it was then that Taipei revealed its true features to my eyes. It was a busy city but looked pretty crowded. Compared with Beijing, its streets are narrow, with few new buildings that boast style. There is a great density of shops on the streets, with so many advertisement boards hanging above the sidewalks and all those neon lights that the eye can hardly take them all in.

From the second day of my arrival in Taipei, I keenly felt the inconvenience resulting from the traffic pressure of the city. More often than not, it took quite a while to reach one's destiny not very far off by car. On the evening of 22 January, Mr. Huang Anchong [Huang Anch'ung], board president of the Taiwan Cotton Textile Guild, feted some of the members of the exhibition troupe; the time set in the invitation was 1800. Although it was not too far away, we took a car half an hour earlier than usual, never expecting that a distance of 10 kilometers would take us more than an hour because of serious traffic jam in the city. The host, Mr. Huang, became very anxious waiting for us at the restaurant.

On another occasion, a traffic jam also caused awkwardness for both the host and the guests. This was on the afternoon of 24 January, when our troupe went to visit a factory under Taiyuan Textile Garments Company located in Xinzhu [Hsin-chu]; it was scheduled that we would return to Taipei before 1900 to attend a dinner party hosted by CHINA TIMES in honor of the exhibition troupe. To be on time for the dinner party, we left Xinzhu for Taipei by car at 1530, believing that with three hours plus we were sure to arrive on time. Nevertheless, when the car drove to Taipei's downtown district, there was a serious traffic jam, and it was stop and go all the way. We were very anxious in the car. It was nearly 1900, and the chauffeur understood how we felt, and drove the car into a small alley; however, the alley was packed with cars whose drivers had also attempted

to make a shortcut. When the car came to the middle of the alley, a logjam occurred, and the car could move neither forward nor backward. We poured out endless grievances but had to get out and walk. In a hurry, we took a zigzag and finally arrived at the CHINA TIMES office, but it was already 1930.

Taiwan has enjoyed rapid economic development over the past few years, but why should its city functions be so poor? According to a relevant person's briefing, this is because the early design of city functions have failed to meet realistic demand. The original design for Taipei was for a population of 600,000, but now the population is already over two million, with more than a million vehicles. Furthermore, the authorities failed to promptly adjust city construction, and as a result it is very difficult to improve traffic conditions.

#### **"Why Must Fertile Water Flow to Other People's Fields"**

In Taiwan, the so-called creating momentum for the Li-Lian [Li Teng-hui-Lien Chan] campaign for presidential office could be seen everywhere; however, local residents did not care for it. The topic of discussion between them and us was mostly cross-strait cooperation and exchanges. With the arrangements of the Association for Promoting Textile Industry, we covered quite a few textile garment enterprises. In my talks with entrepreneurs of this industry, they expressed the unanimous view that much could be accomplished through cooperation and exchange between Taiwan and the mainland in the textile and garments circles.

According to Mr. Wei Hebin [Wei Ho-pin], board director of Taiwan "Fuzhu [Fu-chu] Textile Company, Ltd., which is renowned for its "Huagui" [Hua-kui] brand silk stockings, the mainland boasts a sizable market and relatively cheap labor, whereas many Taiwan entrepreneurs boast capital but are bedeviled by a shortage of labor and markets. Should Taiwan and the Mainland combine their advantages, it would be helpful to both sides; furthermore, we are all Chinese, so "why must fertile water flow to other people's fields?"

Discussing her experience in running a factory seeking development on the mainland, Ms. Zhou Yinxi [Chou Yin-hsi], board director of Taiwan Zhongxing [Chong-hsing] Textile Company Ltd., said with feeling: Generally speaking, Zhongxing's investment in the mainland over the years has been successful. Presently, its joint-ventures or factories with monopoly investment in the mainland number a dozen or so. Of course, in the course of cooperation, unpleasant things could hardly be avoided, but cooperation means being in the same family, and contradictions can be resolved through internal negotiations.

Mr. Xu Xudong [Hsu Hsu-tung], board director of the Taiwan Association for Promoting Textile Industry, was received by Vice Premier Zhu Rongji on a trip to the mainland last November to look into investing. In an interview with this reporter, he said: "Cross-strait cooperation is an issue of my greatest concern. There are 22 guilds in various trades with membership in the Association for Promoting Textile Industry; they are all interested in investing in the mainland. Over the years, some 200 or 300 garment factories have made investments in the mainland, all of moderate scope. The textile circles of both sides should cooperate somewhat in policy and adopt appropriate means of communication to promote cooperation and exchanges between the textile and garment industries of Taiwan and the mainland." In addition, he told me that the Taiwan enterprise "Yuandong" [Yuan-tong] planned to make investments in the mainland involving several hundred million yuan, and a feasibility study was under way.

#### **Clinging to the Root and Yearning for the Native Land**

"Having gone through long years of waiting, friends on the two shores of the strait eventually meet in Taiwan. We deem ourselves honored if, accepting our invitation, you will visit us in Taiwan on 27 January when the climate is most pleasing... We hope that beautiful things will occur during your trip to Taiwan that will add to your precious memories." This was not a poem published somewhere, but words printed on the invitation signed by Mr. Dai Rongji [Tai Jong-chi], general manager of Taiwan Carnation Enterprise Company Ltd., whose warmth and cordiality were keenly felt.

Carnation is an enterprise that produces non-woven fabrics. With arrangements made by the company's Miss Xu Qiuqing [Hsu Ch'iu-ching], our company had a long talk with the general manager Mr. Dai Rongji. Mr. Dai used to have his ancestral home in Henan's Luoyang, and later the family moved to Fujian's Changle; they eventually came to Taiwan from Fujian. He said: "We have never forgotten our roots; we have a buddha at home as well as the memorial tablet for our ancestral worship, at the back of which we did not forget to mark down the place of our ancestral home. These are our roots, which we must never forget! Since the lifting of the ban on mutual visits between the two shores, we have noticed some differences between us and the young people; on our part, we are looking for our roots, while they are visiting relatives. Since 1989, I have shuttled between Taiwan and the mainland on scores of occasions. Sometimes I even stayed at a

crude hotel costing only six yuan a night; the conditions were poor, but I didn't mind; after all, this is my native land. Every time I went to the mainland, I felt the great changes that had taken place there. If things go on this way, I believe that by the year 2010 the mainland's economic strength will be even more eye-catching. I am very happy about this and hope that more cooperation will be conducted with the mainland's non-woven fabrics trade."

Mr. Dai is by no means the only one who boasts such genuine feelings of clinging to one's roots. At noon on 3 February, before our company left for Taizhong [Taichung], the board director of Taiwan Jinfulong [Chinfu-lung] Industrial Joint-stock Company Ltd. invited us to a luncheon party, and Mr. Wu Hetian [Wu Hottien], board director of Taiwan Housing Company, also attended. A brilliant conversationalist, Mr. Wu said: "People on both shores of the strait are Chinese and share the same roots, the same veins; there is no way to sever such kinship! Two years ago, a friend of mine said that he had found his wife from his first marriage. I said to him: What are you waiting for, hurry back now.

I bought a gold necklace for him to present to his wife, and wished the couple a happy life. Today my friend is still living in Shanghai, enjoying a sweet reunion with his wife."

Perhaps influenced by their fathers, many people of the second and third generations in Taiwan have profound feelings for mainland China as their native land. One day when we were visiting Dr. Sun Yatsen's memorial, at the entrance to the exhibition hall on conditions in the mainland several young people were touching some points on a map, looking for their ancestral homes; their look of concentration and yearning was most heart-rending. On another occasion, when we were visiting the "Lili Group" Company, not far from Taizhong, a young man surnamed Zhang [Chang] came up to me on his own accord, and said in a whisper: With the exception of aborigines, most people in Taiwan are from the mainland. Mainland China and Taiwan are inseparable. Pursuit of splittism by Taiwan is unpopular. Mr. Zhang hopes for the early reunification and common development of mainland China and Taiwan.

**Taiwan: Sources say Military on 'Red Alert' on Eve of Elections**

*OW2203080396 Hong Kong AFP in English*  
*0745 GMT 22 Mar 96*

[By Lawrence Chung]

[FBI Transcribed Text] Taipei, March 22 (AFP) — The Taiwanese military was on red alert Friday [22 March] against the threat of Chinese attacks on front-line islands on the eve of Taiwan's first direct presidential elections, military sources said.

The defense command on the Matsu island group, a major Taiwanese defense outpost near the Chinese coast, staged an anti-landing drill on Nankan islet. Soldiers in camouflage uniforms fought a mock battle using dummy bullets.

China is staging a sea-air-land exercise just 10 nautical miles (18.5 kilometers) from three islands in the Matsu group. The combined drill and previous Chinese exercises are aimed at intimidating Taiwan ahead of Saturday's presidential election.

Command director Kung Chung-yu told reporters he was "satisfied with the result of the drill, which I believe would be able to give the enemy a stunning blow should it attack Matsu."

Other front-line islands, including Kinmen and Penghu, were also on high alert, military sources said.

Charles Wu, deputy government spokesman, said Premier Lien Chan held a special cabinet meeting to discuss the situation.

"Intelligence reports show that the Chinese communists will continue to stage similar war games" to intimidate Taiwan and "there is no sign that they would stop this," he said.

Residents of the Chinese island of Haitan told AFP Friday the Chinese manoeuvres seemed to have been scaled back for the third day running. Some residents reported there was no visible military activity, but analysts in Beijing cautioned that the armed forces may be focusing on land exercises, which are less audible and visible.

According to the Taiwanese Defense Ministry, bad weather has hampered the Chinese drills, involving the navy, air force and army. "This is why their manoeuvres have been limited," Wu said.

The sea-air-land drills began Monday and will straddle the election, the first democratic poll in 5,000 years of Chinese history.

China ended a week-long missile test last Friday targeting waters near two international harbors of Taiwan in the north and south. It fired four M-class missiles into the splashdown zones, which analysts here said indicated China's ability to accurately hit its targets.

Beijing also ended a nine-day sea-air drill on Wednesday, whose exercise zone was near Penghu and Kinmen, two island bastions of Taiwan. China staged the series of war games in retaliation for Taiwanese President Li Teng-hui's U.S. visit in June, a trip interpreted by Beijing as an attempt to promote Taiwan's independence.

Beijing, which has viewed Taiwan as a rebel province since the end of a civil war in 1949, has vowed to attack Taiwan should it officially break from the mainland.

Wu said Lien asked the public to remain on alert and that "the military authorities continue to strengthen their defense force."

Liu Chih-kung, deputy director of the North American Affairs [Bureau] of the Foreign Ministry, said the United States also felt Taiwan which could defend itself would help stability in the Taiwan Strait, the official CENTRAL NEWS AGENCY reported.

The United States has sent two aircraft carrier battle groups to the region, a move which drew strong criticism from China.

According to the Taiwan Relations Act, a U.S. law which sets out American ties with Taipei in the absence of diplomatic relations, Washington should provide Taiwan sufficient defensive arms and military technology, Liu said.

He said the continued military threats from China left no doubt that Washington will continue its policy of supplying arms to Taiwan.

**Taiwan: PRC Could Expand Drills if Weather Improves**

*OW2203103296 Hong Kong AFP in English*  
*1022 GMT 22 Mar 96*

[FBI Transcribed Text] Taipei, March 22 (AFP) — Chinese military exercises in the northern Taiwan Strait have been reduced in scale due to bad weather but could be expanded to full air-sea-land exercises if the weather improves, the Taiwanese Defense Ministry said Friday [22 March].

**Taiwan: Military Launches 2d Show of Firepower  
21 Mar***OW2103121896 Hong Kong AFP in English  
1132 GMT 21 Mar 96*

[By Lawrence Chung]

[FBIS Transcribed Text] Taipei, March 21 (AFP) — Taiwan launched its own display of firepower Thursday [21 March], parading US-made tanks and rocket launchers in the face of Chinese military drills off its coast.

The Lung Fu (Dragon and Tiger) unit, one of Taiwan's premier attack units, held anti-landing and anti-airborne drills, demonstrating more than 20 M-60 A3 tanks and M-109 rocket launchers it bought from the United States to a large group of journalists.

"The firepower demonstrated today is only a small part of our combat system here," said Major General Kung Fan-ting, spokesman of the Defense Ministry, adding, "every member of the armed forces here has a will of steel and absolute confidence in defending the country."

At the same time, Chinese military drills aimed at intimidating pro-independence supporters in Taiwan's presidential elections Saturday were held off the Taiwanese coast, though they were apparently hampered by bad weather.

Only a few Chinese warships were detected by Taiwan engaging in exercises in the zone, located 10 nautical miles (18.5 kilometers) from Taiwan's north coast, Kung said, adding "no large-scale joint drill by the Chinese Communist Army, Navy and Air Force were detected." Witnesses on Tungchu, a front-line islet of Taiwan, reported loud artillery fire from the Chinese Pingtan island not far away. China is reported to have massed some 150,000 men in Pingtan for the air-sea-land exercises in the third of a series of exercises which began Friday.

Taiwanese forces on Tungchu and neighboring Hsichu remained on high alert, although residents who had fled from the islands earlier this week began returning home, witnesses said.

"I spent a vacation in Taiwan, but now I've come back to vote," said a shopkeeper who was interviewed by reporters at the port on Matsu island, another front-line fortress.

The Chinese military exercises also led the United States to send the Independence aircraft carrier and its battle group to waters near the Chinese exercise zones, and another aircraft carrier, the Nimitz, was also headed for the area on Thursday.

The Nimitz was in the South China Sea and was due to arrive near Taiwan Saturday or Sunday, the US Navy said, while the Independence was about 100 nautical miles east southeast of Taiwan and constantly moving. The two battle groups contain at least 18 vessels.

The Taiwanese military exercise held Thursday at a base in Linkou, 45 kilometers from Taipei, was the second in three days before the press in an effort to demonstrate the island's ability to defend itself against Chinese threats. The drills simulated a counter-attack.

Two of the Chinese drills have been completed and the third is the closest yet to the island, which China sees as a renegade province.

**Taiwan: Taipei TV Said To Report PRC Increasing  
Military Activity***OW2103094196 Tokyo KYODO in English  
0901 GMT 21 Mar 96*

[By Pilar Elena Pereyra]

[FBIS Transcribed Text] Taipei, March 21 KYODO — China's military stepped up maneuvers in the northern part of the Taiwan Strait on Thursday [21 March] after being plagued by bad weather for the past few days, according to Taiwan television broadcasts.

Both Taiwan Television (TTV) and Chinese Television (CTV) announced that radar reports showed an increase in China's military activities.

"Compared with the last few days, there is a marked increase in drills," CTV said.

A statement released by Taiwan's Ministry of Defense on Thursday said, "we will maintain a vigilant watch and be on guard."

On Monday, China launched a new series of drills in an island-dotted area around the Chinese island of Pingtan and between the Taiwan-controlled islands of Matsu and Wuchiu.

However, bad weather has forced China to keep these drills on a small scale.

This is the third round of military exercises China has conducted, having carried out two previous drills earlier this month.

Beijing is using the exercises to try to discourage advocates of independence in Taiwan prior to the island territory's first direct presidential elections Saturday. The mainland has vowed to attack Taiwan if the island declares independence.

Meanwhile, China will move its ongoing joint navy, air and ground exercises from an area south of Pingtan

island in Fujian Province to other places, a Hong Kong daily reported Thursday.

The pro-Beijing WEN WEI PO reported, quoting informed sources, that the change of declared exercise zone is in accordance with the schedule of the military drills.

A temporary ban on ordinary traffic in the affected areas was lifted Wednesday afternoon with the shifting of the zones, and citizens affected have returned home since then, the Chinese-language daily added.

The third round of drills, scheduled to end Monday, is a series of joint air, sea and land exercises in an area covering more than 5,000 square kilometers just off the coast from the Fujian provincial capital of Fuzhou and bordering several Taiwanese-held islands, while encompassing Pingtan.

China ended nine days of live-fire naval and air force artillery exercises Wednesday evening in the Taiwan Strait just off the coast of Guangdong and Fujian provinces.

**Taiwan: Live Fire Heard Near Matsu During PRC Drills**

*OW2103143196 Tokyo KYODO in English*  
*1418 GMT 21 Mar 96*

[By Susanne Ganz]

[FBIS Transcribed Text] Taipei, March 21 KYODO — The pounding noise of live-fire drills reverberated throughout Taiwan-controlled isles in the northern part of the Taiwan Strait on Thursday [21 March] as China stepped up comprehensive military exercises nearby.

Residents on Tungchu, the southernmost isle in the Matsu group just 18 kilometers north of the drill zone, said the noise which could still be heard in the afternoon had started as early as 6 A.M.

The large rocky isle resembles a fortress, heavily fortified with air shelters and numerous cannons. Soldiers armed with bayonets are keeping a close watch on movements in the surrounding seas.

However, the few civilians who did not evacuate to Matsu or Taiwan proper after China announced the drills last week, and soldiers off duty are going about their business as usual, unimpressed by the mock battle.

On Monday, China launched a new series of drills in the area, an island-dotted area around the Chinese island of Pingtan and between the Taiwan-controlled islands of Matsu and Wuchiu, but bad weather had hampered the drills in the past few days.

Liu Ying-hua, owner of a grocery and dry cleaning store catering to the soldiers stationed in Taping, the larger of two villages on the isle, is frustrated over the exodus.

"Because of the Chinese exercises, the soldiers were stripped of their weekend holidays, and I had nothing left to do but close my shops and travel to Taiwan to have some fun," he said grumbling.

He said there is no point in escaping to the main isle for safety reasons. "We are actually much safer here," he said in demonstrating an underground air shelter in the back of his shop.

A middle-aged woman, who runs another grocery store right in front of the barracks, said she had sought refuge on Taiwan proper, but returned after a five-day stay earlier in the day.

"I wasn't afraid, but because every one said 'we'll go to Taiwan' I went, too. I stayed with my children who live in Taipei but then I felt bad about having abandoned my husband and decided to return home," she said.

Officially, about 200 people are registered as residents on the isle, but about half of them have actually moved to Taiwan to find employment.

About 50 villagers have remained on the isle since the drills began, but the evacuees have begun to return so as to vote in Taiwan's first-ever direct presidential election Saturday.

According to the locals, about 300 soldiers are based on Tungchu in peace time and there was no noticeable increase in the military's presence in connection with the Chinese drills.

But they said four armored vehicles have arrived recently. Until recently, soldiers were still able to take 10-day home leave.

A young recruit, who returned to Tungchu on Thursday after an unexpectedly long holiday as flights were canceled due to the bad weather, said he likes duty on the tiny offshore isle.

"Guarding the isle is really easy, because strange people hardly ever come here," he said with a grin.

**Taiwan: Motorized Unit Conducts 'Small-Scale Live-Fire Drill'**

*OW2203023096 Taipei CNA in English*  
*0112 GMT 22 Mar 96*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, March 21 (CNA) — A motorized military unit on Thursday [21 March] conducted a small-scale live-fire drill on a northern

Taiwan military base to display what the commander called sufficient capability to destroy any invader.

Several TOW anti-tank missiles loaded on M-113 armored vehicle carriers accurately hit their targets. Also shown before the eyes of reporters from here and abroad were several M-109 self-propelled artillery units and M60-A3 tanks.

The commander described the exercise a "routine," saying it was intended to display the unit's high morale and strong combat capability.

The ROC [Republic of China] Army has purchased 160 U.S.-built M60-A3 tanks and took delivery of the first batch late last year. The army has also acquired 450 M-48H's.

The drill came at a time when the People's Liberation Army is conducting another round of war games along the southeastern coast of China. The war games, the third round since March 8, are believed to be part of Beijing's efforts to cow Taiwan voters ahead of Taiwan's first direct presidential election on March 23.

#### Taiwan: Mobile Units on Matsu Stage Anti-Landing Drills

OW2203085496 Taipei China Broadcasting Corporation News Network in Mandarin  
0400 GMT 22 Mar 96

[From the "News" program]

[FBIS Translated Text] The presidential election will be held on 23 March. On 22 March, the Matsu defense headquarters conducted defense drills at fortified positions on the garrison islets, as well as anti-landing exercises on Nankan Islet. As imaginary enemies broke through the fortified positions and captured higher positions, the Nankan Command Post swiftly sent mobile units to counterattack them. Officers and men moved swiftly, taking some 40 minutes to complete the mission of eliminating the enemy.

Kung Chung-yueh, deputy director of the Matsu Defense Headquarters (?Political Warfare) who was on hand to supervise the operations, said: Today, military units on the various islets in Matsu conducted drills at fortified positions. After learning that the imaginary enemies had broken through the front lines, the Nankan Command Post sent standby mobile units to counterattack. Because the attacks were staged as surprise raids, they demonstrated the responsiveness of the troops involved in the drills.

Kung Chung-yueh said: Today's drills are primarily to test the responsiveness of mobile units. He expressed satisfaction with the performance of officers and men.

The Nankan Command Post said: Drills like these will be conducted from time to time.

#### Taiwan: MAC Chief Urges Beijing To Exercise Self-Restraint

OW2203105196 Tokyo KYODO in English  
1024 GMT 22 Mar 96

[By Susanne Gantz]

[FBIS Transcribed Text] Taipei, March 22 KYODO — Taipei reiterated Friday [22 March] that China must terminate its intimidating military exercises and withdraw its troops from its coast opposite Taiwan before bilateral talks can be resumed.

Chang King-yuh, chairman of the cabinet's Mainland Affairs Council, told reporters that Taipei does not rule out the possibility that China will continue to threaten Taiwan militarily after the island has held the landmark presidential election.

"We once again appeal to Beijing to think again and exercise calm and self-restraint," Chang said.

China has held an eight-day series of missile tests off Taiwan earlier this month and concluded live-fire naval and air drills in the southern part of the Taiwan Strait on Wednesday.

A third round of combined air, naval and army drills, under way in a drill zone between the Taiwan-controlled offshore islands of Matsu and Wuchiu, is due to continue until Monday, two days after Taiwan holds its first-ever presidential election by public suffrage.

China has amassed an estimated 150,000 troops along its southern coast for the exercises.

Chang said Chinese military maneuvers must be halted "as soon as possible" and the troops must return to their home bases to create an atmosphere allowing for the resumption of ruptured informal bilateral talks.

China postponed indefinitely talks between the semiofficial Association for Relations Across the Taiwan Strait and its Taiwan counterpart, the Straits Exchange Foundation, originally scheduled for July last year, in protest at Taiwan President Li Teng-hui's private visit to the United States last June.

Asked whether Taipei would be ready to renounce its active diplomacy, Beijing's precondition for the resumption of talks, Chang, however, said "our efforts to increase our international profile are not an obstacle to unification."

Premier Lien Chan said Thursday that Taipei would appreciate invitations for the incoming president, most

likely incumbent Li, from any country in the world and consider them depending on time and environment.

China regards Taiwan as a renegade province with no right to its own foreign relations. It interprets Li's policy to seek greater recognition for Taiwan, which includes a vocal bid to rejoin the United Nations, as a veiled move toward independence.

**Taiwan: Spokesman Views U.S.-Mainland Talks**

OW2103141096 Taipei CHUNG-YANG JIH-PAO  
in Chinese 19 Mar 96 p 3

[FBIS Translated Text] At a time when the situation over the Taiwan Strait is tense, reports from Washington said U.S. Secretary of State Christopher and Chinese Communists' "Premier of the State Council and Foreign Minister" Chien Chi-chen [Qian Qichen] will hold talks on 21 April in the Hague, Netherlands. Foreign Ministry spokesman Leng Juo-shui yesterday reiterated that regarding possible contacts between any high-level U.S. officials and the Chinese Communists, we have expressed ourselves to the U.S. side that our rights and interests must never be impaired, and the U.S. side acknowledged our position.

Because the Chinese Communists have threatened us with a series of military exercises, the United States, in addition to relaying its concern through channels regarding the situation in the Taiwan Strait, has sent aircraft carriers to patrol it. At the same time, Christopher reportedly intends to meet Chien Chi-chen.

Leng Juo-shui pointed out: Our basic attitude toward contacts between high-level U.S. officials and the Chinese Communists is that our rights and interests must never be impaired. Recently we also expressed this view to the U.S. side, and the U.S. side said they have paid attention to and acknowledged our position.

**Taiwan: MAC, SEF Officials on Sovereignty, U.S. Position**

OW2203080696 Taipei China Broadcasting  
Corporation News Network in Mandarin  
2300 GMT 21 Mar 96

[From the "News" program]

[FBIS Translated Text] In Taipei, officials of the Mainland Affairs Council [MAC] and the Strait Exchange Foundation [SEF], said: We are an independent sovereign country. Of course, we have the right to buy any type of weapons to safeguard national security. At the same time, MAC and SEF also stressed that without external threats, Taiwan's needs of weapons will naturally decrease. Here is a report by Li Hsing-kuan:

[Begin recording] [Li] The Chinese Communists' Foreign Ministry said on 21 March that the sale of any (?advanced) weapons to Taiwan cannot be accepted by them. In this connection, Kao Kung-lien, MAC vice chairman, pointed out at a news conference on 21 March: The Republic of China is an independent sovereign country. Of course, it is necessary for it to maintain sufficient national defense strength. He stressed that is necessary to safeguard national security and promote development.

Kao Kung-lien also stressed: What we are purchasing are defensive weapons. If there are no external threats, our needs in this respect will naturally decrease.

[Kao] We hope that is understood by all. Taiwan has that type of need. If there are no external threats, our needs in this respect will naturally decrease. Relatively speaking, in fact, all should understand that recent developments have increased our needs in this respect. That is a fact.

[Li] Besides, Mr. Ku Chen-fu, chairman of SEF, also pointed out: The reaction by the Chinese Communists is anticipated. Although the U.S. adopts a one-China policy, its prerequisite is that problems be resolved peacefully. Therefore, if the Chinese Communists continue to undertake military actions as they are doing now, the U.S. position will, of course, waver [dang ran hui dong yao]. CBC reporter Li Hsing-kuan reporting from Taipei. [end recording]

**Taiwan: Ministry Spokesman on Need for Defensive Weapons**

OW2203023896 Taipei CNA in English  
0145 GMT 22 Mar 96

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, March 21 (CNA) — The Ministry of Foreign Affairs, citing Beijing's ongoing saber-rattling in the Taiwan Strait, said on Thursday that the Republic of China [ROC] is entitled to maintain a sufficient defensive force to deter the Chinese communist threat.

"It is the ROC Government's responsibility and obligation to safeguard the 21 million people of Taiwan...and the need to step up defense capabilities is further highlighted by the series of PLA war games in the strait," Foreign Ministry spokesman Leng Juo-shui said.

Furthermore, Leng added, the Taiwan Relations Act (TRA) mandates that the United States provide sufficient defensive weapons to Taiwan to defend itself. The TRA has defined ties between Taipei and Washington since the U.S. switched official diplomatic recognition from Taiwan to Mainland China in 1979.

"Any arms deals between the ROC and the U.S. are based on the spirit and principles of the TRA," Leng said.

THE WASHINGTON POST reported on Wednesday that at the annual arms talks between Taiwan and the U.S. in Washington on Tuesday, the Clinton administration decided to sell "Stinger" shoulder-fired anti-aircraft missiles and advanced targeting and navigation systems for jet fighters.

Though the military deal has yet to be confirmed, Mainland China's Foreign Ministry issued a statement on Thursday demanding that the U.S. abide by a Washington-Beijing communique that includes clauses binding the U.S. to sell only defensive weapons to Taiwan.

**Taiwan: Foreign Minister Interviewed on 'Threat From Beijing'**

OW2203025596 Taipei CNA in English  
0122 GMT 22 Mar 96

[By P.C.Tang and Debbie Kuo]

[FBIS Transcribed Text] Brussels, March 20 (CNA) — Taipei will never alter its current policies under threat from Beijing, ROC [Republic of China] Foreign Affairs Minister Chien Fu said Wednesday.

In an interview with Philippe Paque of the Belgian daily, the Free Belgium (LA LIBRE BELGIQUE), Chien said Taipei will by no means yield to Beijing's military intimidation. "If we do so, Beijing will be encouraged to press harder for greater concessions from Taiwan."

Chien, however, told Paque that the Republic of China is ready to return to the negotiation table with Beijing at any time.

Taiwan's position after the March 23 presidential election will be "crystal clear," Chien told Paque, East Asia chief editor for the Brussels-based paper. He is now in Taipei to cover the election, the first fully democratic presidential election ever to be held in 5,000 years of Chinese history.

"We are all for easing tensions in the Taiwan Strait, we are all for regional peace and stability, we are all for China's reunification, and we are all for freedom and democracy. The only thing we cannot do is to negotiate with Beijing under overt military threats," Chien said.

Commenting on reports that Mainland Chinese Foreign Affairs Minister Qian Qichen said that Beijing would end its hostilities toward Taiwan if Taiwan were to give up its bid to join the United Nations, Chien said that as a matter of fact, Taipei has never applied to join the UN.

Chien explained that a number of nations friendly to the ROC have jointly submitted a proposal asking the UN General Assembly to establish a special committee to study Taiwan's UN representation.

The nations made the proposal based on the UN principle of universality, saying it is wrong that the 21 million people of Taiwan, a population larger than those in one-third of the world's countries, are not represented in the UN, Chien added.

The purpose of the proposal is simply to seek due justice and representation for the 21 million people in Taiwan. It gives no challenge to Mainland China's UN membership, he noted.

Although Taipei has never applied for UN membership, it is the common wish of the people in Taiwan for the ROC to broaden its participation in the international community, including world bodies like the United Nations, Chien stressed.

In a genuine democratic system, Chien said, no political party in the world can afford to ignore the wishes of its people. "The problem is that the PRC doesn't know what democracy is all about," he added.

Chien said Taiwan does not intend to alter its pragmatic diplomacy. But compared with diplomatic policies, the issues regarding relations with Mainland China are far more important, he said, calling mainland affairs "a matter of life and death."

Even so, he said, this does not mean that Taipei is ready to answer to the beck and call of Beijing.

"Mainland China wants us to get rid of the Ministry of Foreign Affairs, which we could never do," he said.

**Taiwan: China Cannot Invade Taiwan, Says Taipei Mayor**

OW2103054196 Tokyo SAPIO in Japanese  
27 Mar 96 p 25

[Summary of remarks by Chen Shui-bian, mayor of Taipei and Democratic Progressive Party leader, at an interview with Koichi Ozaki; date and place not given; first paragraph is SAPIO introduction]

[FBIS Translated Text] Although victory appears to be certain for President Li Teng-hui as the leader of the ruling Nationalist Party in the 23 March presidential election, Chen Shui-bian, mayor of Taipei and young leader of the largest opposition Democratic Progressive Party, is regarded as one of the politicians most likely to win the presidency in the next election in 2000. Chen Shui-bian, the only one chosen from Taiwan by TIME magazine as one of 100 world leaders, is a torch-bearer

in the cause of Taiwan independence. The Following are answers to questions of those key persons on Taiwan's relations with China and Japan and the independence issue.

#### **China Cannot Invade Taiwan**

It is easier said than done for the Chinese Communist regime to use force. It is not a problem confined to people on Taiwan and the mainland. Because the Strait crisis will greatly affect Asia as a whole, including Japan, China cannot act so easily. Invasion or missile attacks by China no longer have a substantial meaning, and such threats are something like political slogans. By maintaining tension and provoking a crisis across the Strait, mainland and Taiwan politicians, who have vested interests, are playing political cards.

In the past, the Kuomintang in Taiwan used the "threat of China's invasion of Taiwan" as a reason for not allowing democratization. It persisted in saying it was impossible for Taiwan to carry out democratic reforms and popular elections. That system was very convenient for the ruling party of Taiwan, the Kuomintang. Certainly the mainland strongman Deng Xiaoping pointed to the following five occasions as possible reasons of launching an invasion of Taiwan. "The first is when Taiwan conspires with the Soviet Union; the second is when there is internal strife in Taiwan; the third is when Taiwan acquires nuclear weapons; the fourth is when independence is declared in the international community; and the fifth is when a peace treaty between Taiwan and China is denied."

These conditions disappeared one by one, and now it can be said that the issue of Taiwan's independence has become the sole issue.

Since the Cold War era, relations between Taiwan and the mainland have improved somewhat. Taiwan in the days of martial law used to hoist such out-and-out anti-communist slogans as "Let Us Counter-Invade the Mainland," "Let Us Wipe Out the Communist Rascals," and so on. Now these words are gone, proving that fear of the mainland has lessened, as a matter of course. The mainland could have invaded Taiwan long before on some pretext if it really had wished to. Why has it not launched an invasion of Taiwan yet? The reason "why they did not" is the point to ponder.

In definite terms, nations on the Pacific rim — not only Asian countries but also the United States — will be affected if an incident takes place or a war breaks out between the mainland and Taiwan. In other words, the mainland's invasion of Taiwan would be regarded as tantamount to a challenge to world peace; and no power in Asia, even China, could easily resort to invasion.

On top of it, Taiwan has invested an enormous amount of money on the mainland. I am sure ordinary people on the mainland are fully aware that invading Taiwan is of no benefit to them.

We are aware of the fact that an "arms race" is not a countermeasure against China's threat. In terms of military strength, there is no denying that the mainland could overwhelm us. But on our side is freedom, called "democratization"; and, needless to say, Taiwan far surpasses the mainland in this respect.

And this is Taiwan's strongest "weapon." In the international community, we are appraised as an independent "sovereign state," having lifted martial law and running a national legislature with freely elected legislators. I believe Taiwan's democratization is the most effective means to maintain safety between the coasts of the mainland and Taiwan.

#### **Japan Cannot Be Relied On; We Count on the United States**

If and when China launches an attack, the United States will intervene without fail as an ally of Taiwan, in consideration of its own national interests, as I mentioned before. I know that Japan will at all times behave humbly toward China.

But when I went to Japan some time ago, a certain Japanese politician told me, "When the mainland invades Taiwan, Japan will allow U.S. troops to deploy from bases on Okinawa." In this way, a world situation is being firmly set up that would not allow even a big power like China to resort to the use of force.

Finally, the Japanese Government at present deals only with the Kuomintang on Taiwan and actually ignores our Democratic Progressive Party. But since Japan's Liberal Democratic Party, which had boasted of absolute power, collapsed, the Kuomintang has no assurance that it will be in power forever. The Democratic Progressive Party will unmistakably be in the center of the Taiwan Government in the 21st century. As a leader of the Democratic Progressive Party, I want to tell the Japanese Government that it will be too late to beg "to be on good terms" with us when that time comes.

#### **Taiwan: Tang Shubei—Beijing To Have Dialogue With Li Teng-hui**

*HK2203062296 Hong Kong HONGKONG  
STANDARD in English 22 Mar 96 p 7*

[By Apple Wan in Taipei and Baby Sung in Beijing]

[PTS Transcribed Text for FBIS] Both China and Taiwan yesterday hinted that an improvement in cross-

straits relations and high-level talks would be possible after tomorrow's first direct presidential poll.

Both sides, however, made few conciliatory noises and stuck rigidly to their previously stated principles.

Vice-chairman of Taiwan's cabinet-level Mainland Affairs Council (MAC), Kao Koonglian, said official negotiations between the two government leaders would be possible.

"But it was impossible for Taiwan to participate in such peaceful talks in terms of a province, the suggestion of 'one country, two systems' is absolutely unacceptable," he said.

"Taiwan can never give up its national defence, foreign diplomacy and judiciary system."

In Beijing, deputy executive chairman of the Association for Relations Across the Taiwan Straits, Tang Shubei, said China would not cease its struggle against Taiwan independence.

Mr Tang, also a member of the Preparatory Committee [PC] for the establishment of the post-1997 Hong Kong government, said China would have a dialogue with Taiwan President Lee Teng-hui.

But the communication would only become a reality when the Taiwanese leader could demonstrate that he had returned to the "one China" principle.

"Anyway, we have delivered the message to the people in Taiwan that independence is unacceptable and an attempt to make two Chinas is out of the question," Mr Tang said after attending a PC discussion session yesterday.

"To counter the activities of Taiwan independence and secession of China, we have to struggle against him. This kind of struggle will not end."

Referring to the likelihood of China staging a new round of war games after the presidential election, Mr Kao said he hoped hostility could be replaced by negotiations and that mutual cross-straits understanding could be strengthened.

"We should work on a resolution that, instead of a zero-sum game, it should be a win-win game."

He said that Mr Lee mentioned the most vital duty for the new president would be ending cross-straits hostility and that the new president would also consult public opinion about how to achieve this.

However, he dismissed Chinese Foreign Ministry criticism of US weapons sales to Taiwan.

"With its own independent sovereignty, the Republic of China has the necessity to maintain sufficient national defensive power," he said.

"If there were external threats the need to have such ability should be stepped up."

China might take this as unnecessary, he said, "but if it can take our situation into consideration it should be able to fully understand".

"We bought weapons not only from the US but from other countries such as France," he said.

#### Taiwan: Luo—Independence 'Unrealistic,' Invasion Possible

OW2203063496 Taipei LIEN-HO PAO in Chinese  
20 Mar 96 p 3

[By reporter Lu Te-yun (4151 1795 0336)]

[FBIS Translated Text] Yesterday, Chief of General Staff General Luo Pen-li declared in public for the first time that if our people renounce the unrealistic call for "Taiwan independence", the Chinese Communists' saber rattling would not have been so scary and the people would be of one mind. He also pointed out that the presidential election will be "the first time in the Chinese nation's 5,000-year history that the head of state is directly elected through voting by qualified citizens in the free areas of the country", thus bringing a "lighthouse effect" [deng ta xiao ying 3597 1044 2400 2019] to bear on the mainland.

Luo Pen-li made these remarks yesterday in his address to the National Defense Ministry's monthly meeting in commemoration of Dr Sun Yat-sen, which was chaired by him and attended by high-ranking generals, including commanders-in-chief of the army, navy, and air force, and the ministry's officer delegation. These remarks, which were released to the public through the Army News Service, were also the first time since he assumed office last year that Luo Pen-li spoke against "Taiwan independence" and made relevant remarks on the election.

Luo Pen-li pointed out: Today, our No. 1 enemy is the lack of confidence in ourselves. If we can reach a consensus on mainland policy, stand firm in defending the 21 million people's rights and interests, renounce the unrealistic call for "Taiwan independence," be united in facing the outside world, the Chinese Communists' "saber rattling" will not work in the way they desire, but, on the contrary, it will help to unify our people. Hence, the key to taking concerted actions to consolidate our internal security lies in a correct understanding of the Chinese Communists' nature, the breeding of a

sense of imminent danger, a rational analysis of the Chinese Communists' "missile tests", and the readiness to react to another wave of the Chinese Communists' provocations at any time.

He said: The presidential election will be the first time in our Chinese nation's 5,000-year history that the head of state is directly elected through voting by qualified citizens in the free areas of the country, which not only symbolizes the brilliant achievements of our constitutional reform, but also highlights the factual existence of "popular sovereignty" [zhu quan zai min 0031 2938 0961 3046], upgrades our country's image and international standing, rebuffs the Chinese Communists' intrigue of treating our government as a local regime, and even has a special meaning in bringing a "lighthouse effect" to bear on the mainland.

Luo Pen-li said: This election is of great significance to and has a far-reaching impact on the future development of our country. I wish officers and men would cherish the hard-won democratic achievements, take part in election activities in a sound and mature manner, and cast their votes with a rational and clear mind.

He also stressed: There is no need to guess whether or not the Chinese Communists will carry out armed provocations against Taiwan or its outlying islands, but we must understand that the Chinese Communists may wage war at any time once they are capable of invading Taiwan, which will then pose a direct and serious threat to our national security. Hence, our goal is to make the best possible use of the national defense resources which are available at present.

Luo Pen-li pointed out: In recent years, our army has constantly stepped up war preparations against air raids, blockades, and beachhead dispersion. In particular, reinforced by advanced weapons and equipment which are either home-made or bought from other countries, our army's overall combat strength has been markedly improved, but we must attach importance to tactics. As the old saying goes, "The situation is an objective matter which is out of my reach, but my strength is a subjective condition that is under my control." It is better to enhance our own strength so that our enemies dare not make a reckless move—rather than asking for their mercy.

**Taiwan: Chien Fu on Russian-PRC Military Cooperation**

OW2203064996 Taipei LIEN-HO PAO in Chinese  
20 Mar 96 p 12

[FBIS Translated Text] Logvinov [name as transliterated], director of the China Affairs Department of the Asian Bureau under the Russian Foreign Ministry, said

on 19 March that he believed the military cooperation between Russia and the Chinese Communists will not threaten the security of Taiwan.

Logvinov stressed: One of the basic principles guiding Russia's military cooperation with other countries is "not to undermine, as much as possible, regional and global military and political balance."

Another Russian Foreign Ministry official in charge of Chinese affairs said: The launching of military cooperation between Russia and the Chinese Communists has not only not exceeded the scope of international law but is also based on the principle of not threatening other countries. The conducting of military exercises by the Chinese Communists against Taiwan "is, most importantly, decided by the condition of the mainland armed forces and has nothing to do with their military cooperation with other countries."

The two Russian Foreign Ministry officials expressed their views in response to views expressed by Foreign Minister Chien Fu recently during an interview with a Russian newspaper, NEZAVISIMAYA GAZETA.

During the 14 March interview, Foreign Minister Chien Fu analyzed the cross-strait situation and expressed his views on military cooperation between "China" and Russia. He called on Russia, while conducting military cooperation with the Chinese Communists, to understand the longing for the maintenance of regional peace and security adopted by the Chinese Communists' neighboring countries.

In a report on the special interview, which covered half a newspaper page, Chien Fu pointed out: At present, the Chinese Communists and Russia are in the process of carrying out extensive cooperation in the military, scientific, and technological fields. Russia will help the Chinese Communists raise the strength of their air force by providing 72 Suk-27 fighters. Russia will also provide the Chinese Communists with electronic equipment and engines for building the same type of fighter aircraft. The concrete direction of their cooperation is supplying this type of fighter and transferring relevant technology.

Chien Fu said: Since the disintegration of the Soviet Union, Russia has been anxious to solve its internal political and economic issues. Facing the threat of eastward expansion by NATO, Russia feels the need to improve its relations with the Chinese Communists and to expand bilateral relations. After the two sides solved their long-standing border issues, Russia began to cooperate with the Chinese Communists at different levels, including selling advanced weapons to the Chinese Communists in order to solve the foreign exchange shortage.

The Chinese Communists began to turn their attention from the north to the southeast after solving the border issue with Russia in the north. In the special interview, Chien Fu said: The Chinese Communists have always sought hegemony in the Asia-Pacific region. Therefore, any move they make to achieve military modernization will naturally arouse the misgivings of neighboring countries, especially those countries having disputes with the Chinese Communists about sovereignty over islands in the South China and East China Seas.

South Korea, Japan, the Republic of China, and the ASEAN countries all feel that increases in defense spending will have a negative impact on economic development. Therefore, these countries all hope to establish a security mechanism in the Asia-Pacific region to collectively resist [ji ti dui kang 7162 7555 1417 2123] the rising military threat. Therefore, Chien Fu called on Russia to understand the position of longing for peace and security adopted by these countries, which are neighbors of the Chinese Communists.

Commenting on the series of military exercises directed at Taiwan conducted by the Chinese Communists since last summer, Chien Fu said he believed "military threats can only worsen bilateral relations and are not useful for solving problems."

**Taiwan: KMT Party Elders Said 'Urging Li Teng-hui To Withdraw'**

*OW2203011896 Taipei TZU-LI WAN-PAO in Chinese 18 Mar 96 p 2*

[FBIS Translated Excerpt] It is only five days until election day. Can the election situation still change? Hsieh Chang-ting, vice presidential candidate of the Democratic Progressive Party [DPP] said this morning that some Kuomintang [KMT] party elders who have affirmed Li Teng-hui's contributions are urging Li to withdraw. What will be the outcome of their efforts to "persuade Li Teng-hui to withdraw"? Hsieh Chang-ting said mysteriously, "There will be results within two or three days."

Hsieh Chang-ting made these remarks at a news conference this morning at the DPP's Tainan election campaign headquarters.

At first, in response to Li Teng-hui's remark at yesterday's televised presidential campaign forum that after the election the government will broaden the base of political parties, Hsieh Chang-ting said if Li Teng-hui wanted to form a multi-party government, he could have done it long ago. He said he was quite worried that Li Teng-hui has stood for reunification and said he will use people with ability regardless of their party affiliation.

Hsieh Chang-ting said that if China is reunified, even a communist could be the premier.

Hsieh Chang-ting then stressed: Li Teng-hui's phased mission has been fulfilled, so the no. 2 man should yield his seat to the no. 3 man. Peng Ming-min's popularity has risen, and Li Teng-hui no longer needs to worry that the third force will be elected. Li Teng-hui can hand over political power without any worries.

Hsieh Chang-ting said: Some KMT party elders who have affirmed Li Teng-hui's contributions are currently persuading him to withdraw. The outcome will be available within two or three days. As to who the party elders were and what the outcome will be, Hsieh Chang-ting declined to elaborate. He only added that "this is to persuade Li Teng-hui to withdraw," and asked everyone to wait for another two or three days. [passage omitted on Hsieh's remarks on anonymous threats to Peng Ming-min's family]

**Taiwan: Li Says Democracy Stronger Than PRC 'Threats'**

*OW2203082796 Hong Kong AFP in English 0756 GMT 22 Mar 96*

[By Hsin-Hsin Yang]

[FBIS Transcribed Text] Taipei, March 22 (AFP) — President Li Teng-hui declared Friday [22 March] that Taiwan's democracy was stronger than Chinese threats as he and three other candidates made their final pitch to voters in the island's first direct presidential elections.

"Democracy will defeat guns. We must make tomorrow's election a success," Li told a rally in the southern city of Kaohsiung.

"We must unite and have confidence. China's military exercises will not have an effect on us, will they?" he asked.

Li, running for a second term as leader of the Kuomintang (KMT) which has ruled Taiwan since the Chinese nationalists fled here in 1949, was making a last-day campaign swing which was to end in a giant rally in Taipei at night.

Since March 8, China has held a series of missile tests and military exercises off the Taiwanese coast as a warning to those who support independence for Taiwan, which China regards as a renegade province.

Beijing contends Li supports independence, but he once more denied the allegation while campaigning Friday.

On the eve of the poll, Premier Lien Chan ordered troops on Taiwan's frontline islands to maintain a combat posture.

Although public opinion polling is banned here in the 10 days before the election, earlier polls had Li as the favorite.

The other three candidates also campaigned around the island amid a tight escort of police and rifle-holding security guards.

Li's chief opponent, Peng Ming-min of the pro-independence Democratic Progressive Party (DPP), was also making his last efforts in Kaohsiung. The other two candidates — independents Lin Yang-kang and Chen Li-an — held separate news conferences to woo supporters after efforts to join together in a so-called "third force" failed.

Both Lin and Chen advocate friendlier ties with China, and there had been hope among voters seeking an alternative to Li or Peng that one of the two would drop out of the race and support the other.

Lin, suspended from the KMT vice chairmanship for running without party endorsement, has strong backing from the New Party, a pro-reunification splinter group from the ruling party.

Chen, described as "Mr. Clean," is a devout Buddhist widely respected for his honesty and integrity.

The month-long campaign has been featured mudslinging and claims by DPP's Peng that Beijing was trying to assassinate him. There were also charges that Li was once a communist group member and that his camp was buying votes. Li denied both charges.

By law, the candidates must end their campaigns Friday night, and all have prepared massive carnival-like rallies in downtown Taipei, each expected to draw thousands of supporters.

Central Election Council Chairman Huang Kun-kui predicted that some 70 percent of the 14.3 million eligible voters are to cast their ballots.

Li campaign headquarters said he was a sure winner and last efforts were being made to garner 50 percent of the vote.

Poll watchers were especially interested in the impact of China's military drills on the elections and whether they would lower support for Li or boost his image.

Both Li, 73, and Peng, 72, are native-born Taiwanese who have emphasized the "dignity" of being Taiwanese and maintained tough positions on dealing with China.

**Taiwan: Li Teng-hui, Others Hold Election-Eve Rallies**

*OW2203060896 Hong Kong AFP in English  
0542 GMT 22 Mar 96*

[FBI's Transcribed Text] Taipei, March 22 (AFP) — Candidates in Taiwan's first direct presidential elections went into their final campaign day Friday [22 March] with President Li Teng-hui saying the island's democracy was stronger than China's threats.

"Democracy will defeat guns. We must make tomorrow's election a success," Li told a rally in the southern city of Kaohsiung.

"We must unite together and have confidence. China's military exercises will not have an effect on us, will they?" he asked.

Li, running for a second term, was making a last-day campaign swing which will end in a giant rally in Taipei at night.

China has since March 8 held a series of missile tests and military exercises off the Taiwanese coast as a warning to those who support independence for Taiwan, which China regards as a renegade province.

Beijing contends Li supports independence, but he denied the allegation while campaigning Friday.

On the eve of the poll, Premier Lien Chan ordered troops on Taiwan's frontline islands to maintain a combat posture.

Although public opinion polling is banned here in the 10 days before the election, earlier polls had Li as the favorite.

The other three candidates also campaigned around the island amid a tight escort of police and rifle-holding security guards.

Li's chief opponent, Peng Ming-min of the pro-independence Democratic Progressive Party, was also making his last efforts in Kaohsiung. The other two candidates — independents Lin Yang-kang and Chen Li-an — held separate news conferences to woo supporters after efforts to join together in a so-called "third force" failed.

Both Lin and Chen advocate friendlier ties with China, and there had been hope among voters seeking an alternative to Li or Peng that one of the two would drop out of the race and support the other.

**Taiwan: MOEA on Doubts About Investing in Mainland**

*OW2203105496 Taipei CNA in English  
0844 GMT 22 Mar 96*

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, March 22 (CNA) — Taiwan businessmen have second thought about investing in the mainland in the wake of mounted tensions between the two sides of the Taiwan Strait, the Ministry of Economic Affairs (MOEA) said Friday [22 March].

Tsai Lien-sheng, executive secretary of MOEA's Investment Commission, said that Beijing's recent verbal attacks and military intimidation to Taiwan have cast a shadow over Taiwan businessmen who are considering investing in the Mainland China.

Tsai said that since July, Taiwan businessmen have acted more cautiously in investing in the mainland. Beijing started its first round of missile tests in July last year to intimidate Taiwan from veering from the course of unification with Mainland China.

Tsai noted that Taiwan businessmen also withdrew five and postponed 121 investment projects in the mainland last year, mostly in the latter half of 1995.

Taiwan businessmen have also withdrawn five investment projects and postponed 14 projects in the mainland so far this year. This indicated that the negative effect of Beijing's saber-rattling is gradually emerging, Tsai added.

Beijing's CHINA NEWS SERVICE reported that Fujian Province, a magnet for Taiwan investment because of its proximity, has offered new incentives to appease Taiwan businessmen.

Tsai said that the measures clearly showed that Fujian authority has realized the effect on Taiwan businessmen in the wake of Beijing's series of military exercises, and is taking the measures as a remedy.

Tsai said that Taiwan businessmen who are approved by the investment commission to invest in the Mainland China must carry out their investment projects in one year, otherwise they have to reapply after one-year duration expires.

Mainland China's People's Liberation Army is holding maneuvers in waters near Taiwan that will straddle Taiwan's first direct presidential election on March 23.

**Hong Kong: Political Groups Protest U.S. Interference**

*HK2203053096 Hong Kong WEN WEI PO in Chinese 22 Mar 96 p A12*

[Report: "New Territory Association for Young People Demonstrates in Protest Against U.S. Army Dispatching Warships to Taiwan Strait To Interfere in China's Internal Affairs"]

[PTS Translated Text for FBIS] Some 40 representatives of the Hong Kong Association for Young People and 20 representatives of the New Territories Society respectively demonstrated at the U.S. Consulate General in Hong Kong yesterday, protesting against U.S. connivance at the activities of the Taiwan independence elements aimed at splitting China.

The petitioning groups strongly urged the U.S. Government to stop conniving at the activities of the "Taiwan independence" elements in splitting China's territory, immediately withdraw its warships from the waters near Taiwan, and stop interfering in China's internal affairs so as to prevent the situation in the Taiwan Strait from deteriorating.

**Hong Kong: Preparatory Committee Celebration Panel Meets**

*OW2103144796 Beijing XINHUA in English 1313 GMT 21 Mar 96*

[FBIS Transcribed Text] Beijing, March 21 (XINHUA) — The first session of the celebration activities panel of the Preparatory Committee for the Hong Kong Special Administrative Region (SAR) was held here today.

Members defined the panel's task as to mobilize organizations of various sectors and personages in Hong Kong to participate in the non-governmental activities to be held in Hong Kong to celebrate the mainland's resumption of sovereignty over Hong Kong in 1997, while coordinating and directing these activities.

The principle of "one country, two systems" and the Basic Law of the Hong Kong SAR will also be promoted in these activities to accelerate the prosperity and development of Hong Kong, they said.

The panel will work out the general plan for the activities soon, expecting various social sectors of Hong Kong to offer their suggestions and opinions.

Proposals on the public holidays of Hong Kong after 1997 and on the non-governmental celebrations put forth by the cultural panel of the Preliminary Working Committee of the Preparatory Committee for the Hong Kong SAR were also discussed at the meeting.

Members agreed on the transitional arrangement of the public holidays in the latter half of 1997 and in 1998 and on the proposal for establishing a committee responsible for the celebrations.

They also proposed the Preparatory Committee make a decision on this issue at its second plenary session.

**Hong Kong: Preparatory Committee's Legal Panel Meets**

*OW2103135096 Beijing XINHUA in English 1315 GMT 21 Mar 96*

[FBIS Transcribed Text] Beijing, March 21 (XINHUA) — The question of Hong Kong residents' nationality must be handled flexibly, according to the Chinese government's policy and Hong Kong residents' actual conditions.

This decision was made when the first session of the legal panel of the Preparatory Committee of the Hong Kong Special Administrative Region (SAR) was held here today.

Discussing the concrete implementation of the Nationality Law of the People's Republic of China in the Hong Kong SAR, members said that the flexible handling of the issue is the demand of the preparatory work of the SAR as well as to provide convenience for Hong Kong residents' entry and exit after July 1, 1997.

It was also proposed that the Preparatory Committee submit the Nationality Law of the People's Republic of China to the Standing Committee of the National People's Congress to interpret its implementation in the Hong Kong SAR.

Reviewing the two proposals of the legal panel of the Preliminary Working Committee (PWC) of the Preparatory Committee for the Hong Kong SAR, members said that the former PWC's legal panel has laid a sound foundation for the Preparatory Committee on this issue.

In addition, they exchanged views on the arrangement of the panel's work at the meeting.

**Hong Kong: Zhang Junsheng Encourages Civil Servants**

*HK2203091096 Hong Kong WEN WEI PO in Chinese 17 Mar 96 p A12*

[Report: "Zhang Junsheng Says PLA Military Exercises Are Aimed at Pro-Taiwan Independence Forces, Hong Kong People Are Against Splitting Motherland"]

[PTS Translated Text for FBIS] Zhang Junsheng, deputy director of XINHUA Hong Kong branch, reiterated yesterday that the People's Liberation Army's (PLA)

military exercises are intended to improve military quality and increase defense capability. There is nothing for Hong Kong people to worry about. Only those trying to split the motherland and pushing for "Taiwan independence" are fearful of the military exercises. Hong Kong people should rise up against the behavior of breaking up the motherland. Only by opposing attempts to disrupt the motherland can our country enjoy prolonged political stability and Hong Kong maintain long-term prosperity and stability, he added.

When asked after visiting Yanchai Hospital in Tsuen Wan, Hong Kong, whether the new round of war games will affect Hong Kong, Zhang Junsheng said: A country's military exercises aim at improving military quality and increasing defense capability. Such military exercises are common. The exercises staged by the PLA in the Taiwan Strait are for the same purpose. If anything, the exercises are directed against "pro-Taiwan independence" forces and those who are attempting to break up the motherland and pushing for "Taiwan independence." This makes a great difference between the recent exercises and other exercises. This does not affect Hong Kong compatriots in any way. I said earlier that Hong Kong compatriots should continue to do what they should, businessmen continuing to go about their business, students continuing to go to school, and other people continuing to do their jobs as usual.

Zhang Junsheng said: The ups and downs in the Hong Kong stock market in the previous period were mainly caused by drastic fluctuations in foreign stock markets, especially the U.S. stock market. Speculation on the market was also to blame for the instability.

When asked whether the war games will affect foreign businessmen's confidence, Zhang Junsheng said that he has not gotten this impression from people he usually comes in contact with. Neither friends in Hong Kong industrial and commercial circles nor Taiwan businessmen investing in the interior will be affected by the military exercises. The Beijing Municipal Government called Taiwan investors in Beijing into an informal discussion a few days ago. These investors, after attending the meeting, said their confidence was not affected.

When asked about the United States sending aircraft carriers to the Taiwan Strait, Zhang said that the Taiwan issue is Chinese people's affair. No U.S. meddling is necessary. Many issues were provoked exactly by the United States. U.S. meddling will make the matter more complicated. If the United States had forbidden Li Teng-hui to visit and had not encouraged "pro-Taiwan independence" forces, the current problem would not have occurred.

Zhang Junsheng said that Hong Kong compatriots need not feel anxious about the present situation. They should stand up and oppose [qi lai fan dui 6386 0171 0646 1417] activities aimed at splitting the motherland. Only by our opposing attempts to break up the motherland can China enjoy prolonged political stability and Hong Kong maintain long-term prosperity and stability.

When commenting on the informal meetings between China's officials and Hong Kong's civil servants, he said that up to now eight meetings have been arranged. The results were very good. At these meetings, the two sides candidly exchanged views and increased communications and mutual understanding. In fact, ordinarily the two sides have many opportunities to contact each other, but the aforesaid arrangement enables them to gather together and exchange views in a better way. So, more meetings will be arranged, he added.

Zhang said the Chinese side hopes all Hong Kong civil servants will keep their minds on their work in the remaining 400 days and will serve the Special Administrative Region [SAR]. As a matter of fact, they have done a large amount of work for Hong Kong residents. We hope they will stay with the SAR Government and continue to serve Hong Kong citizens.

#### **Hong Kong: Vice Premier Meets Hong Kong Entrepreneurs**

*OW2103141996 Beijing XINHUA in English  
1303 GMT 21 Mar 96*

[FBI Transcribed Text] Beijing, March 21 (XINHUA) — Chinese Vice-Premier Li Lanqing said here today that maintaining Hong Kong's prosperity and stability not only reflects the aspirations of the Hong Kong compatriots, but also those of the Chinese government.

Li made the remark at a meeting with a shipping transportation delegation from the Hong Kong Shipowners Association, led by its chairman George S.K. Chao here this afternoon.

He said that at present the Preparatory Committee of the Hong Kong Special Administrative Region is stepping up its work.

After 1997, he stressed, the Chinese government's principles regarding Hong Kong such as "one country, two systems" and "Hong Kong people governing Hong Kong" will remain unchanged.

Li said continuously keeping the position of Hong Kong as an international financial, trade and shipping center is an important condition for maintaining its prosperity and stability.

A more prosperous and stable Hong Kong will not only be beneficial to the Hong Kong compatriots, but also important for the growth of the mainland's economy, he added.

Chao expressed the belief that after 1997, Hong Kong's economy would be more prosperous, its container freight volume will grow and its shipping industry will be boosted.

He said that he was sure that Hong Kong would continuously maintain its status as an international shipping center under the Chinese government's principles of "one country, two systems" and "Hong Kong people governing Hong Kong".

All members of the Hong Kong Shipowners Association are determined to work hard for the common prosperity of Hong Kong and the mainland, Chao said.

#### **Hong Kong: Patten Urges PC Members To Support Democracy**

*HK2203094196 Hong Kong EASTERN EXPRESS  
in English 22 Mar 96 p 2*

[By Rain Ren in Beijing and Leo Law]

[PTS Transcribed Text for FBIS] The fourteen Hong Kong legislators on the Preparatory Committee (PC) should not help China set up a caretaker legislature aimed at "tearing out the roots of democracy in Hong Kong", the Governor, Chris Patten, said yesterday.

However, legislators in Beijing attending the PC meetings gave his message a cool response.

The forthcoming announcement from the powerful PC to set up the provisional legislature six months before the handover triggered Patten's second shot on the issue in two days.

"Fourteen members of the Preparatory Committee are themselves members of the Legislative Council [Legco]... They work very happily alongside other members of the Legislative Council, members for example who are in the Democratic Party," Patten said.

"I think those members of the Preparatory Committee should themselves state categorically that they won't support any proposals for a provisional legislature or for another Legislative Council which exclude specifically from membership some of those that they sit alongside in the Legislative Council today."

A Liberal Party legislator attending the PC meeting, Howard Young, said it was not Beijing that wanted to form a provisional legislature but the PC, two-thirds of whose members were Hong Kong citizens.

"However, up till now, I have not ruled out any possibility that Democrats will be excluded [as published] from the provisional legislature," Young said.

Young does not believe the provisional legislature is aimed at kicking out Democrats. He said he would be happy, if he were a member of the selection committee, to nominate any legislator from the Democratic Party to the provisional legislature.

"As long as they want, I will be happy to help those who want to see a smooth transition of Hong Kong. But if they do not support it, I can not drag them in."

He added that the more serving legislators to participate in the provisional legislature, the better.

Another legislator in the Preparatory Committee, David Chu, said it is pointless for Patten to attempt to stop the provisional legislature since it will definitely be formed. He said the reason for a provisional legislature is because Patten's reform proposal derailed Legco which will form a legal vacuum.

The governor called the first shot this Wednesday accusing China of trying to "exclude certain particular individuals from the legislature and to reduce the number of Democrats in the legislature" during the 17 rounds of Sino-British negotiations on Hong Kong's political reforms.

The Director of the New China News Agency Hong Kong Branch, Zhou Nan, hit back at this attack and dubbed Patten's remarks as a "cliche".

Patten picked up the fight again yesterday, saying "if they think that we are wrong, let them deny categorically that they will put forward any arrangements designed to exclude some of those politicians in Hong Kong who've demonstrated that they clearly represent majority opinion".

He said he hoped the PC would demonstrate that it was prepared to speak up for Hong Kong and "not just go along with whatever some Chinese officials propose".

"I think that if the Preparatory Committee and Chinese officials insist on tearing out the roots of democracy in Hong Kong, they will have to justify that to the people of Hong Kong," he said.

#### **Hong Kong: PC Vice Director Denies Proposing 'Overlord' for SAR**

*HK2203101596 Hong Kong EASTERN EXPRESS  
in English 22 Mar 96 p 2*

[By staff reporter]

[PTS Transcribed Text for FBIS] The veteran pro-China politician Ann Tse-kai has denied reports that he asked

for an overlord from Beijing to oversee the future chief executive of the special administrative region.

Ann, the vice-director of the Preparatory Committee (PC), arrived in Beijing yesterday for PC meetings.

Asked if he proposed in a conference with the Chinese Vice-Premier, Qian Qichen, that the overlord was necessary, Ann said: "I have not said so."

Eastern Express reported on Monday that in a closed door meeting of the Chinese People's Political Consultative Conference (CPPCC) attended by Qian, Ann said since Britain had been sending governors to Hong Kong for the past 150 years, it would only be sensible for China to follow suit.

Some Chinese officials later said that since Ann is 84 years old "it is not surprising that some of his remarks are not appropriate. This can only be treated as his personal opinion".

The officials even urged reporters to treat Ann with sympathy.

Ann is the vice-chairman of the CPPCC which has a political status equivalent to a vice-premier in China.

#### **Hong Kong Shipping Administration Left to Hong Kong Authorities**

*OW2203003896 Beijing ZHONGGUO XINWEN SHE in English 0437 GMT 21 Mar 96*

[FBIS Transcribed Text] Beijing, March, 21 (CNS) — Chen Ziyang, Deputy Director of Hong Kong and Macau Affairs Office under the State Council, told a delegation from the Hong Kong Shipowners Association today that after China resumes sovereignty over Hong Kong in 1997, the Ministry of Communications would not assume responsibility for shipping in Hong Kong. This will be left to Hong Kong's shipping authority.

Mr. Chen added that mainland shipping firms stationed in Hong Kong would not be accorded any special privileges after 1997. They would have to obey the local law and comply with Hong Kong shipping authority's directions.

Today, the delegation expressed its ideas and opinions on ship registration, the development of the shipbreak-

ing industry, training of seamen and sea transportation in the mainland after 1997.

Mr. Chen said shipping has been an important contributor to Hong Kong's economic prosperity. In the last 20 years, the Hong Kong shipping industry has developed to such an extent that it now leads the world. After 1997, shipping policy should help maintain this status. He hoped that the industry in Hong Kong would continue to develop.

As to the participation by Hong Kong mariners in mainland shipping, Mr. Chen said that anything that favoured Hong Kong's prosperity and stability, and which was mutually beneficial, should be encouraged and developed.

Last year, a proposal put to a meeting of the Economics SubGroup of the Preliminary Working Committee (PWC) of the Hong Kong Special Administrative Region recommended that shipping in mainland open ports could be handled by Hong Kong registered ships after 1997. This recommendation is now under discussion in the SAR Preparatory Committee.

#### **Hong Kong Trade Union Office at New Airport Opens**

*OW2103170996 Beijing XINHUA in English 1513 GMT 21 Mar 96*

[FBIS Transcribed Text] Hong Kong, March 21 (XINHUA) — A ceremony was held at the Hong Kong new airport site today to mark the opening of the offices for trade unions.

A spokesman of the Airport Authority said that establishing such a facility on Chek Lap Kok (new airport site) will assist in improving liaison between the various unions and their members.

The spokesman said that as of the end of February, there were 7,000 workers on Chek Lap Kok, with 80 percent of the workforce being local workers.

He said that the Hong Kong new airport is now moving into its busiest phase of construction and there may well be as many as 20,000 workers on the site between now and the airport opening.

FOR THE  
U.S. GOVERNMENT  
AND  
OTHER AGENCIES  
WASHINGTON, D.C.

The information published by the Foreign Broadcast Information Act (FBIA) is intended to represent the policies, interests, and views of the U.S. Government.

The information published, disseminated, and analyzed foreign non-source information is not the property of the U.S. Government. Its publication may contain information that is classified under the provisions of the Espionage Laws. It is prohibited to disseminate this information to unauthorized persons.

The information published before the first sentence of each item describe the source of the material was provided by FBIS.

The information published in this report are supplied by FBIS.

The names are rendered in accordance with the decisions of the United States Department of State as selected by FBIS. Unverified names and addresses, names of persons and are not to be used in any way and should be provided by a person who is the origin and obtained from contact.

Information on this report is available from the National Technical Information Service.  
NTIS  
5052 Duke Road  
Springfield, VA 22161  
Telephone: (703) 487-4000  
DC 7530 501-0047

**END OF**

**FICHE**

**DATE FILMED**

26 Mar 96

